

April 16, 2021

चैत्र – शुक्लपक्ष- चतुर्थी

विक्रम सम्वत् २०७८

National Stock Exchange of India Limited

“Exchange Plaza”
Bandra – Kurla Complex,
Bandra (E), Mumbai – 400051
NSE Code: GHCL

BSE Limited

Corporate Relationship Department,
1st Floor, New Trading Ring, Rotunda Building, P.J.
Towers,
Dalal Street, Fort, Mumbai – 400001
BSE Code: 500171

Dear Sir / Madam,

Sub: Notice of NCLT convened adjourned meeting of the Secured Creditors of GHCL Limited to be held on July 8, 2021, regarding Scheme of Arrangement in the nature of Demerger of the Textiles Business of GHCL Limited to GHCL Textiles Limited

In continuation to our earlier communication dated April 8, 2021 and 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 in pursuance of the NCLT Order and the Chairman’s announcement at the meeting held on 8th April, 2021, an adjourned meeting of Secured Creditors of the Applicant Company-1 (i.e. GHCL Limited) will be held on **Thursday, 8th July, 2021 at 11:30 a.m.**, through VC/OAVM.

Please find enclosed herewith notice of adjourned meeting of 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 Secured Creditors of GHCL Limited, whose e-mail addresses are available.

We would further like to inform that Secured Creditors of the GHCL Limited whose names appear in the records of the Company as on July 1, 2021 (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, July 3, 2021 and ends at 5:00 p.m. (IST) on Wednesday, July 7, 2021. 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

Bhwneshwar Mishra
Sr. GM -Sustainability & Company Secretary

From: [Manoj Kumar Ishwar](#)
To: [Jaimin Dave](#); [Manoj Hurkat](#)
Cc: [Bhuwneshwar Mishra](#); [Manoj Kumar Singh](#)
Subject: FW: Covering email_for dispatch of Notice for Adjourned Meeting of Secured Creditors of GHCL Limited to be held on July 8, 2021
Date: 16 April 2021 18:07:03
Attachments: [image006.png](#)
[image008.png](#)
[image010.png](#)
[image007.png](#)
[image009.png](#)
[image011.png](#)
[image012.png](#)
[image013.png](#)
Importance: High

Dear Sir

We are pleased to inform that we have successfully sent the Notice for the Adjourned meeting to all the Secured Creditors at their email id.

You are therefore requested to file your report to Hon'ble NCLT.

Thanks & Regards



Manoj Kumar Ishwar

Asst. General Manager | Secretarial

GHCL Limited | B-38, Sector-1, Noida-201 301, India

T: +91-0120-3358152 | Fax: +91-0120-2535209

Mail: manoji@ghcl.co.in | Website: www.ghcl.co.in

We believe - Respect, Trust, Ownership and Integrated Team Work lead to Business Success

From: Denver D'souza /SECADM/L PAREL <denverd@cdslindia.com>

Sent: 16 April 2021 17:59

To: 'Manoj Kumar Ishwar' <manoji@ghcl.co.in>; Himanshu Khatri /BD/AHMEDABAD <HimanshuK@cdslindia.com>

Cc: Bhuwneshwar Mishra <bmishra@ghcl.co.in>; Manoj Kumar Singh <manojkumarsingh@ghcl.co.in>

Subject: RE: Covering email_for dispatch of Notice for Adjourned Meeting of Secured Creditors of GHCL Limited to be held on July 8, 2021

Dear Sir ,

We have initiated the process of sending the mails to members .

Thanks and Regards ,

Denver D'souza ,

Officer – Admission Cell

Central Depository Services India Ltd.

Marathon Futurex, 25TH Floor, N M Joshi Marg, Lower Parel ,
Mumbai – 400 013

Extension no : +91 022 2305 8715



From: Manoj Kumar Ishwar <manoji@ghcl.co.in>

Sent: 16 April 2021 16:24

To: Himanshu Khatri /BD/AHMEDABAD <HimanshuK@cdslindia.com>; Denver D'souza /SECADM/L PAREL <denverd@cdslindia.com>

Cc: Bhuneshwar Mishra <bmishra@ghcl.co.in>; Manoj Kumar Singh <manojkumarsingh@ghcl.co.in>

Subject: FW: Covering email_for dispatch of Notice for Adjourned Meeting of Secured Creditors of GHCL Limited to be held on July 8, 2021

Importance: High

Dear Himanshu ji / Mr. Denver

This is OK. Please go ahead and send to all the secured Creditors and send us proof of dispatch (mail)

Regards

Manoj

From: Denver D'souza /SECADM/L PAREL <denverd@cdslindia.com> **On Behalf Of** Green Initiative

Sent: 16-Apr-2021 12:28

To: Utpal Shah /BD/AHMEDABAD <UtpalS@cdslindia.com>; Himanshu Khatri /BD/AHMEDABAD <HimanshuK@cdslindia.com>

Cc: Rakesh Dalvi /SECADM/L PAREL <rakeshD@cdslindia.com>; Evoting <helpdesk.evoting@cdslindia.com>; Green Initiative <GreenInitiative@cdslindia.com>; Sidharth Kapur /ISSBILL/L PAREL <SidharthK@cdslindia.com>

Subject: RE: Covering email_for dispatch of Notice for Adjourned Meeting of Secured Creditors of GHCL Limited to be held on July 8, 2021

Dear Sir ,

Please find the attached draft .

Thanks and Regards ,

Denver D'souza ,

Officer – Admission Cell

Central Depository Services India Ltd.

Marathon Futurex, 25TH Floor, N M Joshi Marg, Lower Parel ,
Mumbai – 400 013

Extension no : +91 022 2305 8715



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 ADJOURNED MEETING OF THE SECURED CREDITORS OF GHCL LIMITED

*(Being convened pursuant to order dated 22nd January 2021 passed by Hon'ble
National Company Law Tribunal, Ahmedabad Bench)*

DETAILS OF NCLT CONVENED ADJOURNED MEETING OF SECURED CREDITORS:

| | |
|-------------|--|
| Day | : Thursday |
| Date | : 8 th July 2021 |
| Time | : 11:30 A.M. (IST) |
| Mode | : Through Video Conferencing or Other Audio Visual Means (VC/OAVM)* |

* Please note that 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.

REMOTE E-VOTING:

| | |
|----------------------------|---|
| Start Date and Time | : Saturday, 3 rd July 2021 at 9:00 A.M. (Indian Standard Time) |
| End Date and Time | : Wednesday, 7 th July 2021 at 5:00 P.M. (Indian Standard Time) |

NOTE: Please note that based on the request received from the Lead Banker and pursuant to the power conferred on the chairman of the meeting in paragraph no. 14(xii) of the order dated 22.01.2021 passed in CA (CAA) 1 of 2021, earlier meeting of the secured creditors scheduled on April 8, 2021, was adjourned to July 8, 2021 at 11.30 a.m. Hence, fresh Notice is being circulated to the Secured Creditors.

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
AHMEDABAD BENCH
C A (CAA) NO. 1 OF 2021**

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 Textiles
Business 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 ADJOURNED MEETING OF THE SECURED
CREDITORS OF GHCL LIMITED (APPLICANT COMPANY-1 / DEMERGED COMPANY)
PURSUANT TO ORDER DATED 22nd JANUARY 2021 PASSED BY HON'BLE
NATIONAL COMPANY LAW TRIBUNAL, AHMEDABAD BENCH**

To,
**The Secured Creditors
of GHCL Limited**
(*"Applicant Company-1" or "Demerged Company" or "GHCL" or "Company"*)

Notice is hereby given that by an order dated 22nd January 2021 (**'Order'**), the Ahmedabad Bench of the National Company Law Tribunal (**"Tribunal" or "NCLT"**) had directed a meeting of Secured Creditors of the Applicant Company-1 be convened and held on Thursday, 8th April, 2021 at 11:30 a.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'**) and GHCL Textiles Limited (**'Resulting Company'**) and their respective shareholders and creditors (**'Scheme'**).

During the course of the meeting on 8th April 2021, attention was drawn to an e-mail dated 02.04.2021 of State Bank of India, being the lead bank of the consortium requesting for adjournment of meeting of Secured Creditors by three months since member banks in Consortium are required to scrutinize the data/report received and obtain approval from competent authorities of the respective banks, which was likely to take some time after the data/report is received. In view of the request received from the lead bank and pursuant to power conferred on the chairman of the meeting in paragraph no. 14(xii) of the order dated 22.01.2021 passed in CA (CAA) 1 of 2021 the meeting of secured creditors was adjourned to July 8, 2021 at 11.30 a.m.

Hence, in pursuance of the NCLT Order and the Chairman's announcement at the meeting held on 8th April, 2021, an adjourned meeting of Secured Creditors of the Applicant Company-1 (i.e. GHCL Limited) will be held on Thursday, 8th July, 2021 at 11:30 a.m., through VC/OAVM at such day, date and time, the said Secured 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 secured creditors will not be available for such Meeting. However, a body corporate which is an secured 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 Secured 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 19th November 2020 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 Secured 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 Textile Business Undertaking of GHCL Limited (hereinafter referred to as "Demerged 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 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. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by the Securities and Exchange Board of India ("**SEBI**"), as amended from time to time Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 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 and General Circular No. 33/2020 dated 28th September, 2020 and Circular No. 2 of 2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs ("**MCA Circulars**") and other relevant laws and regulations, as may be applicable, Applicant Company has provided the facility of voting by remote e-voting (prior to the Meeting) so as to enable the Secured 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 Secured 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.

Date: 15th April 2021

Place: Ahmedabad, Gujarat

Jaimin Dave
Chairman appointed for the Meeting

Registered Office:

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

NOTES FOR THE ADJOURNED MEETING OF THE SECURED CREDITORS OF THE APPLICANT DEMERGED COMPANY:

- 1) Please note that based on the request received from the Lead Banker and pursuant to the power conferred on the chairman of the meeting in paragraph no. 14(xii) of the order dated 22.01.2021 passed in CA (CAA) 1 of 2021, earlier meeting of the secured creditors scheduled on April 8, 2021, was adjourned to July 8, 2021 at 11.30 a.m. Hence, fresh Notice is being circulated to the Secured Creditors.
- 2) As per NCLT Order dated 22nd January 2021 ('**Order**') read with applicable MCA/ SEBI Circulars, Meeting of Secured 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. 18.
- 3) The Secured 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.

(Secured 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 of the Notice and as mentioned in covering e-mail in case of soft copy of the Notice).

- 4) Since, the Meeting is being held pursuant to NCLT Order and MCA Circulars through VC/OAVM, physical attendance of the Secured Creditors has been dispensed with. Accordingly, the facility for appointment of proxies by the Secured Creditors will not be available for Meeting.
- 5) Institution / Corporate / Body Corporate which is a Secured 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
- 6) 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 Secured Creditors of the Applicant Company 1 as on 1st April 2021 ("**Cut-off Date**") only through electronic mode (e-mail) to all the Secured Creditors whose e-mail IDs are registered with the Applicant Company 1 for communication purposes. For Secured 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 Secured Creditor is not registered with Applicant Company 1 such Secured 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.

- 7) The quorum of the meeting of the Secured Creditors of the Applicant Company-1 shall be 5 (Five) in number. Secured Creditors or Authorised Representative of Body Corporate attending the Meeting through VC/OAVM shall be counted for the purpose of reckoning the quorum.

- 8) The Secured creditors of the Applicant Company-1 whose names appear in the records of the Applicant Company-1 as on 1st July 2021 shall be eligible to vote for the meeting of the Secured 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 a Secured 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.

- 9) The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the Secured 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.
- 10) 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.
- 11) 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 Secured 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.
- 12) The Secured 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.
- 13) It is clarified that casting of votes by remote e-voting (prior to the Meeting) does not disentitle a Secured Creditor from attending the Meeting. However, any Secured Creditor who has voted through e-voting prior to the Meeting cannot vote through e-voting during the Meeting. The Secured 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.
- 14) The Secured 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 secured creditors on first come first serve basis.
- 15) 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 Secured 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.
- 16) The result of the voting shall be submitted to the Hon'ble NCLT by the Chairman of the meeting in the prescribed form along with 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.

17) Since the meeting will be held through VC/OAVM in accordance with the NCLT Order and MCA Circulars, the route map, proxy form and attendance slip are not attached to this Notice.

18) **Voting Process and other instructions regarding e-voting before and during the Meeting are given below:**

THE INSTRUCTIONS FOR SECURED CREDITORS FOR REMOTE E- VOTING ARE AS UNDER:

The Remote e-voting period begins on Saturday, July 3, 2021 at 9.00 a.m. (IST) and ends on Wednesday, July 7, 2021 at 5.00 p.m. (IST). During this period Secured Creditors of the Applicant Demerged Company as on the cut-off date for e-voting (i.e. July 1, 2021) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5:00 p.m. (IST) on Wednesday, July 7, 2021.

The Secured Creditors should follow the following steps to cast their votes electronically:

- i. The Secured 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 mentioned 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 mentioned 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. Secured 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.

Note for Non – Individual Secured Creditors

- Step 1:** Non-Individual Secured 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 along with 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 Secured 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, atleast 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.

THE INSTRUCTIONS FOR SECURED 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 Secured 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 Secured 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 Secured Creditors shall be considered invalid as the facility of e-voting during the Meeting is available only to the Secured Creditors participating in the Meeting.
4. Secured 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.

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

1. Secured Creditors will be provided with a facility to attend the NCLT convened meeting through VC/OAVM through the CDSL e-voting system. Secured 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. Secured Creditors are encouraged to join the Meeting through Laptops/Personal Computers for better experience.
3. Further, the Secured 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. Secured 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 Secured 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. Mehboob Lakhani (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 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATION) RULES, 2016

1. Pursuant to the Order dated 22nd January 2021 passed by the National Company Law Tribunal, Ahmedabad Bench in the Company Application No. **CA (CAA) NO. 1 OF 2021** referred to hereinabove, separate meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of GHCL Limited are being convened on Thursday, 8th April 2021, through VC/OAVM facility, for the purpose of considering and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement (**'Scheme'**) 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 Demerger, Transfer and vesting of Textile Business Undertaking of GHCL Limited (*hereinafter referred to as "Demerged Company" or "GHCL"*) to GHCL Textiles Limited (*hereinafter referred to as "Resulting Company" or "GLT"*), wholly owned subsidiary of GHCL Limited, for consideration in form of issue of shares to the shareholders of the Demerged Company (i.e. GHCL). The Scheme further envisages cancellation of the share capital currently held by the Demerged Company in the Resulting Company after such issue of shares and listing of the new shares to be issued by the Resulting Company to all the existing shareholders of the Demerged Company under section 230-232 and other applicable provisions of the Companies Act, 2013.
2. The proposed Scheme of Arrangement was approved by the Audit Committee of the Demerged Company and thereafter by the Board of Directors of the Demerged Company on 16th March 2020. The Board of Directors of the Resulting Company, being a newly incorporated company approved the Scheme on 7th July 2020. The Board of Directors of both the Applicant Companies passed a resolution 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 Demerged Company and the Resulting Company is annexed herewith as **Annexure-2** and **Annexure-3** respectively. Copy of Audit Committee Report of Demerged Company are annexed herewith as **Annexure-4**. Copy of the Share Entitlement Ratio Report dated 16th March 2020 issued by M/s. N. S. Kumar & Co., Chartered Accountants, as well as Mr. Niranjana Kumar, a Registered Valuer and a copy of the Fairness Opinion dated 16th March 2020 issued by Keynote Financial Services 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, presented the draft Scheme, along with all requisite information and documents to the concerned Stock Exchanges, viz. National Stock Exchange of India Limited (**'NSE'**) and BSE Limited (**'BSE'**) (*hereinafter collectively referred to as 'Stock Exchanges'*), 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 19th November 2020 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 and National Stock Exchange of India Limited on 15th September 2020. 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. The Demerged Company and the Resulting Company submitted an Application with the Hon'ble Competition Commission of India (**'CCI'**) on 31st August 2020 to seek its approval for the proposed

Scheme of Arrangement between Applicant Companies. The approval Order dated 4th November 2020 received from CCI is placed on record as **Annexure-9**.

6. **BACKGROUND OF THE COMPANIES:**

A. GHCL Limited

- i. GHCL Limited ('**Demerged Company**' or '**Applicant Company-1**' or '**GHCL**' or '**Company**'), 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 Demerged Company was changed to GHCL Limited vide certificate dated 21st November 2003. The Registered Office of the Demerged Company is situated at GHCL House, Opposite Punjabi Hall, Navrangpura, Ahmedabad, Gujarat-380009. Its Corporate Identity Number ('**CIN**') is L24100GJ1983PLC006513 and Permanent Account Number ('**PAN**') is AAACG5609C.
- ii. The e-mail id of Demerged Company is secretarial@ghcl.co.in and ghclinfo@ghcl.co.in
- iii. The share capital structure of GHCL as on 31st December 2020 is as follows:

| Particulars | (Amount in 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 | |
| 9,50,13,286 shares of INR 10 each | 95,01,32,860 |
| Total | 95,01,32,860 |

Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid-up share capital of GHCL.

- 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 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 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) manufacture and sale of textiles (including but not limited to yarn manufacturing along with weaving, processing, cutting and sewing of home textiles products) (**‘Textiles Business’**).
- vii. The equity shares of the said Demerged Company are listed on BSE Limited and National Stock Exchange of India Limited. GHCL is the holding company of GHCL Textiles Limited, which is the Resulting Company under the proposed Scheme. The total income of the Demerged Company for the financial year ended on 31st March, 2020 was around Rs. 3272.44 crores on Standalone basis and Rs. 3322.72 crores on consolidated basis. The operative profit was around Rs. 504.47 crores on Standalone basis and Rs. 494.6 crores on consolidated basis. The company has Reserves of around Rs. 2090.55 crores on standalone basis and Rs. 2053.96 crores on consolidated basis. Copy of the Audited financial statements for the year ended 31st March 2020 and copy of limited reviewed financial results for the period ending 31st December 2020 are annexed herewith respectively as **ANNEXURE- 10** and **Annexure-11 respectively**. The divisional balance sheet as on 31st March, 2020 (audited) and 30th September 2020 (limited reviewed) are also annexed herewith respectively as **Annexure-12**.
- viii. The Shareholding Pattern of GHCL as on 31st December 2020 is as under:

| S.N. | Category | Equity Share (Nos) | Face Value per share | Shareholding (%) |
|------------|--|--------------------|----------------------|------------------|
| (A) | Promoter & Promoter Group | | | |
| (1) | Indian | | | |
| (a) | Individuals / HUF | 7,42,274 | 10 | 0.78% |
| (b) | Bodies Corporate | 1,20,52,636 | 10 | 12.69% |
| | Sub Total (A)(1) | 1,27,94,910 | 10 | 13.47% |
| (2) | Foreign | | | |
| (a) | Body Corporate | 55,07,900 | 10 | 5.80% |
| | Sub Total (A)(2) | 55,07,900 | 10 | 5.80% |
| | Total Shareholding of Promoter and Promoter Group [A=(A)(1)+(A)(2)] | 1,83,02,810 | 10 | 19.26% |
| (B) | Public Shareholding | | | |
| (1) | Institutions | | | |
| (a) | Mutual Funds | 1,68,80,376 | 10 | 17.77% |
| (b) | Alternate Investment Funds | 1,47,586 | 10 | 0.16% |
| (c) | Foreign Portfolio Investors | 1,39,59,178 | 10 | 14.69% |
| (d) | Financial Institutions/ Banks | 14,804 | 10 | 0.02% |
| (e) | Insurance Companies | 33,64,571 | 10 | 3.54% |
| | Sub Total (B)(1) | 3,43,66,515 | 10 | 36.17% |

| S.N. | Category | Equity Share (Nos) | Face Value per share | Shareholding (%) |
|------|--|--------------------|----------------------|------------------|
| (2) | Central Government/ State Government(s)/ President of India | 19 | 10 | 0.00% |
| | Sub Total (B)(2) | 19 | 10 | 0.00% |
| (3) | Non-Institutions | | | |
| (a) | (i) Individual shareholders holding nominal share capital upto Rs. 2 Lacs | 1,67,17,694 | 10 | 17.60% |
| | (ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lacs | 56,98,518 | 10 | 6.00% |
| (b) | NBFCs registered with RBI | 1,19,200 | 10 | 0.13% |
| (c) | Any Other (specify) | | | |
| | <i>IEPF</i> | <i>8,81,302</i> | <i>10</i> | <i>0.93%</i> |
| | <i>Trusts</i> | <i>4,67,273</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>10,26,694</i> | <i>10</i> | <i>1.08%</i> |
| | <i>Non-Resident Indians (NRI)</i> | <i>18,30,862</i> | <i>10</i> | <i>1.93%</i> |
| | <i>Other Directors & Relatives</i> | <i>4,25,100</i> | <i>10</i> | <i>0.45%</i> |
| | <i>Clearing Member</i> | <i>2,52,000</i> | <i>10</i> | <i>0.27%</i> |
| | <i>Bodies Corporate</i> | <i>1,49,24,799</i> | <i>10</i> | <i>15.71%</i> |
| | Sub Total (B)(3) | 4,23,43,942 | 10 | 44.57% |
| | Total Public Shareholding [(B)= (B)(1)+(B)(2)+(B)(3)] | 7,67,10,476 | 10 | 80.74% |
| (C) | Non-Promoter Non-Public | - | - | - |
| | Total Shareholding [(A)+(B)+(C)] | 9,50,13,286 | 10 | 100.00% |

- ix. The details of the Promoters of the Demerged Company along with their addresses as well as shareholding as on 31st December 2020 are as follows:

| S. No. | Name | Address | Shares (Nos) | Shareholding (%) |
|--------|---|--|--------------|------------------|
| 1. | Anurag Dalmia (HUF) | 2nd Floor, Indraprakash Building, New Delhi-110001 | 5,72,774 | 0.60% |
| 2. | Anurag Dalmia | 9, Tees January Marg, New Delhi, 110011 | 1,00,000 | 0.11% |
| 3. | Neelabh Dalmia | 9, Tees January Marg, New Delhi, 110011 | 69,500 | 0.07% |
| 4. | Gems Commercial Company Limited | First Floor, East Patel Nagar, New Delhi-110008 | 29,40,207 | 3.09% |
| 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 | 1.44% |
| 7. | Hindustan Commercial Company Limited | First Floor, East Patel Nagar, New Delhi-110008 | 29,44,737 | 3.10% |
| 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. | HarvateX Engineering And Processing Company Limited | First Floor, East Patel Nagar, New Delhi-110008 | 4,15,723 | 0.44% |

| S. No. | Name | Address | Shares (Nos) | Shareholding (%) |
|--------|---|---|--------------------|------------------|
| 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% |
| 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. | Ricklunford 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. | Ram Krishna Dalmia Foundation | 2nd Floor, Indraprakash Building, New Delhi-110001 | 1,65,000 | 0.17% |
| 36. | Banjax Limited | C/O Dalmia Bros Pvt Ltd, 2nd Floor, Indraprakash Building, New Delhi-110001 | 27,89,700 | 2.94% |
| 37. | Hexabond Limited | C/O Dalmia Bros Pvt Ltd, 2nd Floor, Indraprakash Building, New Delhi-110001 | 27,18,200 | 2.86% |
| | Total | | 1,83,02,810 | 19.26% |

- x. The details of the Directors of the Demerged Company along with their addresses as well as shareholding as on 31st December 2020 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 | 1,00,000 | 0.11% |
| 3 | Mr. Neelabh Dalmia | Executive Director (Textiles) | 9, Tees January Marg, New Delhi, 110011 | 69,500 | 0.07% |
| 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 | 3,00,000 | 0.32% |
| 10 | Mr. Raman Chopra | CFO & Executive Director (Finance) | C-143, Sector-44, Noida 201303 | 1,00,000 | 0.11% |

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.

- x. The Board of Directors of GHCL have at their meeting held on **16th March, 2020** 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 | Absent |

B. GHCL Textile Limited

- i. GHCL Textiles Limited, (hereinafter referred to as ‘GTL’ or “the Resulting Company”) is recently 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, Gujarat-380009. The Resulting Company is a wholly owned subsidiary of the Demerged Company. Its Corporate Identity Number (‘CIN’) is U18101GJ2020PLC114004 and Permanent Account Number (‘PAN’) is AAICG3408K

- ii. The e-mail Id of the Resulting Company is secretarial@ghcl.co.in.
- iii. The share capital structure of GTL, as on 31st December 2020 is as under:

| Particulars | (Amount in 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.

- iv. The main objects of GTL are set out in the Memorandum of Association of GTL. The Main Objects are as under:
- 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.*
- v. Further, object clause 3 (B) (7) of the memorandum of association of the 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.”*
- vi. GTL, the Resulting Company, is 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.
- vii. Shareholding Pattern of GHCL Textiles Limited as on 31st December 2020:

| 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.

- viii. The details of the Promoters of the Resulting Company along with their addresses as well as shareholding as on 31st December 2020 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% |

- ix. The details of the Directors of the Resulting Company along with their addresses as well as shareholding as on 31st December 2020 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 | | | | |

- x. The Board of Directors of the Resulting Company have at their meeting held on **7th July 2020** 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 is incorporated with the object to engage in the business of textiles. It is yet to start its commercial operations which are envisaged upon scheme being effective. Copy of the management certified unaudited financial statements as on 31st December 2020 is annexed herewith as **ANNEXURE- 13**.

8. **RELATIONSHIP BETWEEN THE COMPANIES INVOLVED IN THE SCHEME:**

Both GHCL ('Demerged Company') and GTL ('Resulting Company') belong to the same group of management. The Resulting Company is the wholly owned subsidiary of the Demerged 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 in two business verticals, namely Chemical and Textiles. The Chemical business is highly capital driven with long gestation period and the Textiles 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. Both 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 Textiles Business, on a going concern basis, into its wholly owned subsidiary, with a resultant mirror image shareholding, and whose shares would be listed on the Stock Exchange after the demerger.

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 Textiles 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 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 SHARE ENTITLEMENT RATIO REPORT OF APPLICANT COMPANIES**

The Share entitlement ratio report issued by M/s. N. S. Kumar & Co., Chartered Accountants and Mr. Niranjana Kumar, a Registered Valuer is annexed and marked as **ANNEXURE-5**. Copy of the Fairness Opinion issued by Keynote Financial Services Limited, a SEBI registered Category-I Merchant Banker, dated March 16, 2020 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 Textiles Business 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 Textiles Business.
- 1.21 **“Textiles Business”** means and includes the undertaking of the Demerged Company related to Textiles business 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 Textiles Business 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 Textiles business 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 Textiles Business;
- 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 Textiles Business;
- 1.21.3 The liabilities pertaining to / arising out of the activities or operations of the Textiles Business, inter-alia, including the following:
- All liabilities which arise out of the activities or operations of the Textiles Business.
 - 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 Textiles Business;
 - Liabilities other than those referred to above, being the amounts of general or multipurpose borrowings of the Demerged Company, if any, allocated to the Textiles Business 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 Textiles Business or whether it arises

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

1.21.4 All permanent and temporary employees of the Demerged Company employed in/ or relatable to the Textiles Business 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 Textiles Business

Without prejudice to the generality of the foregoing, it is clarified that all rights, entitlements, consents, permissions, licenses, certificates, authorizations relating to the Textiles Business 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 Textiles Business 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 Textiles Business 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 Textiles business, 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 Textiles Business 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 Textiles Business, 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 Textiles Business 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 Textiles Business, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the assets of the Textiles Business 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 Textiles Business 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 Textiles Business 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 Textiles Business 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 Textiles Business 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 Textiles Business 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 Textiles Business 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 Textiles Business of the Demerged Company and the Resulting Company or any other transactions between the Textiles Business 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 Textiles Business 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 March 16, 2020 issued by N S Kumar & Co., Independent Chartered Accountant, having registration no – 139792W and 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 circular issued by the Securities and Exchange Board of India on March 10, 2017 bearing no. CFD/DIL3/CIR/2017/21 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, in to 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 fails 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 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.*
- 5.10 *No fractional shares shall be issued by the Resulting Company to the shareholders of the Demerged Company in respect of the residual fractional entitlements (if any), to which the shareholders of the Demerged Company may be entitled on issue and allotment of the equity shares of the Resulting Company in pursuance of this Clause 5.1. Any fraction arising out of such allotment shall be rounded off to the nearest integer.*

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:

On the Scheme becoming effective, the Demerged Company shall account for the Scheme in its books of accounts with effect from the Effective Date in accordance Appendix A of 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 Textiles Business, would be recognised with a corresponding debit to the Other equity (to the extent of distributable profits after considering the effect of Para 7.1.3), 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 from its books of accounts, the carrying amount of all assets and liabilities pertaining to the Textiles Business, being transferred to the Resulting Company, as at Effective Date.*
- 7.1.3. *Derecognise the Liability for Distribution of Non-Cash Assets to Owners (as provided in Para 7.1.1), upon issuance of shares by the Resulting Company to the shareholders of the Demerged Company, and the difference between the fair value of the Textiles Business, so distributed, and the carrying value of all assets and liabilities of the Textiles Business as at Effective Date will be credited/debited (as applicable) to the Statement of Profit and Loss account, 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 as on the Effective Date, shall stand cancelled;*

7.2 In the books of the Resulting Company

On the Scheme becoming effective, the Resulting Company shall account for the Scheme in its books of accounts with effect from the Effective Date in accordance with applicable Indian Accounting Standards and generally accepted accounting principles in India 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 Resulting Company shall provide the following accounting treatment in its books of accounts:

- 7.2.1. *Record the assets and liabilities of the Textiles Business of the Demerged Company, vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of Demerged Company as at the Effective Date.*
- 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 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 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.*

15. COMPLIANCE WITH TAX LAWS

15.1 *This Scheme, in so far as it relates to the demerger of the Textiles Business 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 Applicant 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:**
- a. The Directors of both the Demerged 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 Applicant Companies. The statement indicating the shareholding of the Directors and Key Managerial Personnel in both the Applicant Companies is annexed herewith with this notice.
- b. There shall be no material effect of arrangement on any of the Key Managerial Personnel.
- c. There shall be no material effect of arrangement on any of the Debenture Trustee as the Demerged Company does not have any Debenture Trustee.
14. The Scheme of Arrangement does not envisages any capital or debt restructuring.
15. **Amounts due to Secured Creditors of GHCL as on 31st October 2020:**
- Amounts due to Secured Creditors (7 in nos) of the Demerged Company as on 31st October 2020 is INR 993.19 Crores.
16. **Amounts due to Unsecured Creditors of GHCL as on 31st October 2020:**
- Amounts due to Unsecured Creditors (1375 in nos) of the Demerged Company as on 31st October 2020 is INR 286.9 Crores. Out of 1375 unsecured creditors, 680 unsecured creditors have a debt value below INR 1,00,000/-, which constitute less than 1% of the total unsecured debt value as on 31st October 2020.
17. **Post Scheme Capital Structure of the Demerged Company and the Resulting Company based on capital structure as on 31st December 2020:**

A. GHCL Limited

| 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 | |
| 9,50,13,286 Equity shares of Rs.10 each | 95,01,32,860 |
| Total | 95,01,32,860 |

B. GHCL Textiles Limited (Expected)

| Particulars | (Amount in Rs.) |
|---|---------------------|
| Authorized Capital | |
| 17,57,50,000 Equity shares of Rs.2 each | 35,15,00,000 |
| Total | 35,15,00,000 |
| Issued, Subscribed and Paid-up | |
| 9,50,13,286 Equity shares of Rs.2 each | 19,00,26,572 |
| Total | 19,00,26,572 |

18. Post-Scheme Shareholding Pattern:

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 | 7,42,274 | 2 | 0.78% |
| (b) | Bodies Corporate | 1,20,52,636 | 2 | 12.69% |
| | Sub Total (A)(1) | 1,27,94,910 | 2 | 13.47% |
| (2) | Foreign | | | |
| (a) | Body Corporate | 55,07,900 | 2 | 5.80% |
| | Sub Total (A)(2) | 55,07,900 | 2 | 5.80% |
| | Total Shareholding of Promoter and Promoter Group [A=(A)(1)+(A)(2)] | 1,83,02,810 | 2 | 19.26% |
| (B) | Public Shareholding | | | |
| (1) | Institutions | | | |
| (a) | Mutual Funds | 1,68,80,376 | 2 | 17.77% |
| (b) | Alternate Investment Funds | 1,47,586 | 2 | 0.16% |
| (c) | Foreign Portfolio Investors | 1,39,59,178 | 2 | 14.69% |
| (d) | Financial Institutions/ Banks | 14,804 | 2 | 0.02% |
| (e) | Insurance Companies | 33,64,571 | 2 | 3.54% |
| | Sub Total (B)(1) | 3,43,66,515 | 2 | 36.17% |
| (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 | 1,67,17,694 | 2 | 17.60% |
| | (ii) Individual shareholders holding nominal share capital in excess of Rs. 2 Lacs | 56,98,518 | 2 | 6.00% |
| (b) | NBFCs registered with RBI | 1,19,200 | 2 | 0.13% |
| (c) | Any Other (specify) | | | |
| | <i>IEPF</i> | <i>8,81,302</i> | <i>2</i> | <i>0.93%</i> |
| | <i>Trusts</i> | <i>4,67,273</i> | <i>2</i> | <i>0.49%</i> |
| | <i>Foreign Companies</i> | <i>500</i> | <i>2</i> | <i>0.00%</i> |

| S.N. | Category | Equity Share (Nos) | Face Value per share | Shareholding (%) |
|------------|---|--------------------|----------------------|------------------|
| | HUF | 10,26,694 | 2 | 1.08% |
| | Non-Resident Indians (NRI) | 18,30,862 | 2 | 1.93% |
| | Other Directors & Relatives | 4,25,100 | 2 | 0.45% |
| | Clearing Member | 2,52,000 | 2 | 0.27% |
| | Bodies Corporate | 1,49,24,799 | 2 | 15.71% |
| | Sub Total (B)(3) | 4,23,43,942 | 2 | 44.57% |
| | Total Public Shareholding [(B)= (B)(1) +(B)(2)+(B)(3)] | 7,67,10,476 | 2 | 80.74% |
| (C) | Non-Promoter Non-Public | - | - | - |
| | Total Shareholding [(A)+(B)+(C)] | 9,50,13,286 | 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 December 2020 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 December 2020 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 | 0.11% | - |
| 3. | Mr. Neelabh Dalmia | 0.07% | 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 | 0.32% | 0.00%* |
| 10. | Mr. Raman Chopra | 0.11% | 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 | 0.32% | 0.00%* |
| 2. | Mr. Raman Chopra | 0.11% | 0.00%* |
| 3. | Mr. Neelabh Dalmia | 0.07% | 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 | 0.32% | 0.00%* |
| 2. | Neelabh Dalmia | 0.07% | 0.00%* |
| 3. | Raman Chopra | 0.11% | 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 Demerged 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 Demerged Company.

v. Employees

- Upon the Scheme becoming effective, all permanent 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.
- The GTL, Resulting Company undertakes to continue to abide by any agreement(s) / settlement(s) entered into with any labour unions/ permanent 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 permanent 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.

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 Demerged 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. Following documents will be available for obtaining extract from or for making or obtaining copies of or inspection by the secured creditors of GHCL 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. Audited Financial Statements of GHCL Limited for the year ended 31st March 2020
 - b. Supplementary unaudited accounting statement of GHCL and GTL for the period ended 31st December 2020 along with Limited Review Report of Statutory Auditor of GHCL Limited.
 - c. Copy of Memorandum of Association and Articles of Association of GHCL Limited and GHCL Textile Limited
 - d. Copy of the Order dated January 22, 2021 of the NCLT passed in Company Application No. C.A. (CAA) / 1/ (AHM) 2021 directing the convening of the meeting of the secured creditors of GHCL
 - e. Copy of the Scheme of Arrangement.

- f. Statutory Auditor's Certificates of the Companies confirming accounting treatment (specified in scheme) is in compliance with Accounting Standards.
- g. Copy of the Report of Audit Committee dated 16th March 2020.
- h. Copies of the resolutions passed by the respective Board of Directors of GHCL and GTL.
- i. Copy of Share Entitlement Ratio Report dated 16th March 2020 issued by M/s. N.S. Kumar & Co., Chartered Accountants and Mr. Niranjana Kumar, Registered Valuer.
- j. Fairness Opinion dated 16th March 2020 issued by M/s. Keynote Financial Services Limited, a SEBI registered Category-1 Merchant Banker.
- k. Copy of the observation letter(s) of BSE Limited dated and National Stock Exchange of India Limited dated 19th November 2020 respectively.
- l. Complaint report dated 15th September 2020 submitted by the Demerged Company to BSE Limited and National Stock Exchange of India Limited
- m. Copy of Order of Competition Commission of India ('CCI') dated 4th November 2020
- n. 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**")
- o. Shareholding Pattern of GHCL Limited as on 31st December 2020
- p. 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 Demerged Company.

Date: 24th February, 2021

Place: Ahmedabad

Sd/-
Jaimin Dave
Chairman appointed for the meeting

Registered OFFICE:

GHCL Limited. (CIN L24100GJ1983PLC006513)

GHCL House,
Opposite Punjabi Hall, Navrangpura,
Ahmedabad, Gujarat-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, Gujarat-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]

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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) manufacture and sale of textiles (including but not limited to yarn manufacturing along with weaving, processing, cutting and sewing of home textiles products) ('Textiles Business') - 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 two business verticals, namely Chemical and Textiles. The Chemical business is highly capital driven with long gestation period and the Textiles 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. Both 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 Textiles Business, on a going concern basis, into its wholly owned subsidiary, with a resultant mirror image shareholding, and whose shares would be listed on the Stock Exchange after the demerger.



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 Textiles 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 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 Textiles Business of the Demerged Company into the Resulting Company; and
- (iii) **Part C** – General / residuary terms and conditions that are applicable to this scheme.



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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 Textiles Business 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 Keynote Financial Services Limited, a SEBI registered Category-I Merchant Banker, dated March 16, 2020.
- 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.
- 1.12. **“NSE”** means National Stock Exchange of India Limited;

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- 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 Textiles 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 N S Kumar & Co., Independent Chartered Accountant, and Mr. Niranjan Kumar, Registered Valuer, dated March 16, 2020.
- 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 outgoings 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. **“Textiles Business”** means and includes the undertaking of the Demerged Company related to Textiles business 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 Textiles Business 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 Textiles business 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 Textiles Business;

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 Textiles Business;

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

- All liabilities which arise out of the activities or operations of the Textiles Business.
- 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 Textiles Business;
- Liabilities other than those referred to above, being the amounts of general or multipurpose borrowings of the Demerged Company, if any, allocated to the Textiles Business 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 Textiles Business or whether it arises out of the activities or operations of the Textiles Business shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company;

1.21.4. All permanent and temporary employees of the Demerged Company employed in/ or relatable to the Textiles Business 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 Textiles Business



Without prejudice to the generality of the foregoing, it is clarified that all rights, entitlements, consents, permissions, licenses, certificates, authorizations relating to the Textiles Business 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 Textiles Business 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 29th February 2020 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 | |
| 9,50,13,286 Equity shares of Rs.10 each | 95,01,32,860 |
| Total | 95,01,32,860 |

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.

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3.2. The share capital of the Resulting Company as per latest provisional accounts as on June 30th, 2020 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 TEXTILES BUSINESS 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 Textiles Business 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 Textiles business, 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 Textiles Business 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 Textiles Business, 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 Textiles Business 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 Textiles Business, provided however, any reference in any security documents or arrangements to which the Demerged Company is a party, wherein the assets of the Textiles Business 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 Textiles Business 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

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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 Textiles Business 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 Textiles Business 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 Textiles Business 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

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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 Textiles Business 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 Textiles Business 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 Textiles Business of the Demerged Company and the Resulting Company or any other transactions between the Textiles Business 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 Textiles Business 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.

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- 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 March 16, 2020 issued by N S Kumar & Co., Independent Chartered Accountant, having registration no – 139792W and 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 circular issued by the Securities and Exchange Board of India on March 10, 2017 bearing no. CFD/DIL3/CIR/2017/21 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, in to 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 fails 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 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

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shares by the Resulting Company to the shareholders of the Demerged Company, as provided in this Scheme.

- 5.10 No fractional shares shall be issued by the Resulting Company to the shareholders of the Demerged Company in respect of the residual fractional entitlements (if any), to which the shareholders of the Demerged Company may be entitled on issue and allotment of the equity shares of the Resulting Company in pursuance of this Clause 5.1. Any fraction arising out of such allotment shall be rounded off to the nearest integer.

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.

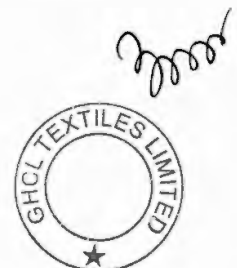
- 6.5 The Demerged Company and the Resulting Company shall file with the jurisdictional Registrar of Companies, all requisite forms and complete the requirements under the Act, if any.

7. ACCOUNTING TREATMENT

7.1 In the books of the Demerged Company:

On the Scheme becoming effective, the Demerged Company shall account for the Scheme in its books of accounts with effect from the Effective Date in accordance Appendix A of 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 Textiles Business, would be recognised with a corresponding debit to the Other equity (to the extent of distributable profits after considering the effect of Para 7.1.3), 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 from its books of accounts, the carrying amount of all assets and liabilities pertaining to the Textiles Business, being transferred to the Resulting Company, as at Effective Date.
- 7.1.3. Derecognise the Liability for Distribution of Non-Cash Assets to Owners (as provided in Para 7.1.1), upon issuance of shares by the Resulting Company to the shareholders of the Demerged Company, and the difference between the fair value of the Textiles Business, so distributed, and the carrying value of all assets and liabilities of the Textiles Business as at Effective Date will be credited/debited (as applicable) to the Statement of Profit and Loss account, 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 as on the Effective Date, shall stand cancelled;



7.2 In the books of the Resulting Company

On the Scheme becoming effective, the Resulting Company shall account for the Scheme in its books of accounts with effect from the Effective Date in accordance with applicable Indian Accounting Standards and generally accepted accounting principles in India 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 Resulting Company shall provide the following accounting treatment in its books of accounts:

- 7.2.1. Record the assets and liabilities of the Textiles Business of the Demerged Company, vested in it pursuant to this Scheme at their respective carrying values as appearing in the books of Demerged Company as at the Effective Date.
- 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 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 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.

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 all business activities (including Textiles Business) 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 Textiles Business.
- 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 Textiles Business of the Demerged Company.

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9. Employees of Demerged Undertaking

- 9.1 Upon the Scheme becoming effective, all permanent employees of the Demerged Undertaking of the 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 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.
- 9.3 The Resulting Company undertakes to continue to abide by any agreement(s) /settlement(s) entered into with any labour unions/ permanent 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 permanent 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

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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

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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 Textiles Business 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 Textiles Business 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 Textiles Business 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 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 Textiles Business to which the Demerged

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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 Textiles Business 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 Textiles Business 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 Textiles Business 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.

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- 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 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 Textiles Business 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 Textiles Business 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 Textiles Business 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 Textiles Business 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 novations, 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 Textiles Business 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.

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 may deem fit to approve or direct or which may be considered necessary due to any change in law or as may 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 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:
- 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.
 - 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;
 - 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 MARCH 16, 2020

1. The Scheme of Arrangement between GHCL Limited ('Demerged Company' or 'Company') and Resulting Company (*to be incorporated as a wholly owned subsidiary of the 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 Textiles business of the Demerged Company into the Resulting Company.
2. The Board of Directors of the Demerged Company at its meeting held on March 16, 2020 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 March 16, 2020 issued by N S Kumar & Co., Independent Chartered Accountant (Firm Registration No. 139792W), and Mr. Niranjana Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137);
 - Keynote Financial Services Limited, a SEBI registered Category-I Merchant Banker, dated March 16, 2020 for Fairness Opinion report.
5. **Share Entitlement Ratio Report:**

Following share exchange ratio were recommended in the Share Entitlement Report of N S Kumar & Co., Independent Chartered Accountant, and 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:**

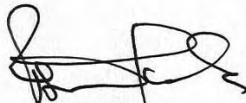
Both the promoter and non-promoter shareholders of the Company will receive shares in the Resulting Company in accordance with Clause 5 of the Scheme.

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

DIN: 00121260



Place: New Delhi

Date: March 16, 2020

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 JULY 7, 2020**

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 Textiles Business of the Demerged Company into the Resulting Company.
2. The Board of Directors of the Resulting Company at its meeting held on July 7, 2020 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 March 16, 2020 issued by N S Kumar & Co., Independent Chartered Accountant (Firm Registration No. 139792W), and Mr. Niranjana Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137);
 - ✦ Fairness Opinion report dated March 16, 2020 of Keynote Financial Services Limited, a SEBI registered Category-I Merchant Banker (Registration Number – INM000003606);

5. Share Entitlement Ratio Report:

Following share exchange ratio were recommended in the Share Entitlement Report of N S Kumar & Co., Independent Chartered Accountant, and 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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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.

For and Behalf of the Board

For GHCL Textiles Limited



Raman Chopra

Director

DIN: 00954190

Place: Noida

Date: July 7, 2020





REPORT OF AUDIT COMMITTEE OF GHCL LIMITED RECOMMENDING DRAFT SCHEME OF ARRANGEMENT OF GHCL LIMITED AND RESULTING COMPANY (TO BE INCORPORATED) ISSUED AT THE MEETING OF THE AUDIT COMMITTEE HELD ON MARCH 16, 2020 AT HOTEL TAJ MAHAL, MANSINGH ROAD, NEW DELHI, COMMENCED AT 1 P.M.

Members present in person:

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

In attendance:

1. Mr. Raman Chopra – CFO & Executive Director (Finance)
2. Mr. Bhuneshwar Mishra – Sr. GM & Company Secretary

1. Background

The draft Scheme of Arrangement consisting of demerger of the Textiles Business of GHCL Limited into its Wholly Owned Subsidiary (*To Be Incorporated*) ('**Resulting Company**' or '**WOS**') and their respective shareholders and creditors (hereinafter referred to as "**Scheme**") was placed before the audit committee at the meeting held on March 16, 2020.

The Resulting Company is to be incorporated as the wholly owned subsidiary of GHCL Limited.

The Scheme of Arrangement consisting of demerger of Textiles Business has been placed before the Audit Committee for its recommendation:

2. Rationale of the proposed Scheme of Arrangement:

The audit Committee noted that the Scheme of Arrangement will inter-alia result in:

Segregation of Businesses: Each of the business segments (i.e. Chemicals Business and Textiles Business) of GHCL Ltd. represents independent business divisions of GHCL Ltd. These businesses have evolved within the company and



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are presently at different stages of maturity with differing risk and return profiles and capital and operational requirements. The management believes that the nature of offerings and the risk and return profile of the Textiles business (i.e. "Demerged Business") is very different from that of the other business of GHCL Ltd., i.e., Chemicals business. Thus, the scheme will help in segregating different businesses having different risk and return profiles, thus providing investors with better flexibility to select investments which best suit their investment strategies and risk profile.

- **Focused growth strategy:** The scheme will allow the management to have a focused growth strategy for each of the businesses.
- **Investment opportunity:** The management of GHCL Limited believes that there may be a segment of investors who may wish to invest only in the Textiles business or Chemicals business. These investors are presently deprived of the opportunity of investing in only a Textiles business or Chemicals business, and the implementation of the scheme will provide them with this opportunity.
- **Unlocking value:** The proposed demerger of the Textiles Business of GHCL Limited will unlock value for its existing shareholders.

3. 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 March 16, 2020 issued by N S Kumar & Co., Independent Chartered Accountant (Firm Registration No. 139792W), and Mr. Niranjana Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137) dated March 16, 2020, appointed for the purpose of the arrangement as prescribed in Para I(A)(4) of Annexure 1 of the SEBI Circular No. CFD/DIL3/CIR/ 2017/ 21 dated March 10, 2017, 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)"

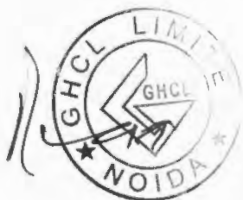


- The Fairness Opinion confirmed that the share exchange ratio in the Share Entitlement Report is fair to the Demerged Company and the Resulting Company and their respective shareholders.
- Further, S.R. Batliboi & Co. LLP, Statutory Auditors of the Company have confirmed that the accounting treatment 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.

4. Recommendation of the Audit Committee

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

The Audit 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
Committee of GHCL Limited**

**Dr. Manoj Vaish
(Chairman of Audit Committee)**

Place: New Delhi
Dated: March 16, 2020



Date: 30 July 2020

To,
 The Board of Directors
 GHCL Limited
 GHCL House, Opp. Punjabi Hall,
 Navrangpura, Ahmedabad,
 Gujarat – 380009

To,
 The Board of Directors
 GHCL Textiles Limited
 GHCL House, Opp. Punjabi Hall
 Navrangpura, Ahmedabad,
 Gujarat - 380009

Subject: Recommendation of fair share entitlement ratio for the proposed demerger of the Textiles Business of GHCL Limited into GHCL Textiles Limited.

Dear Sir,

We refer to the discussion undertaken with the Management of GHCL Limited ('GHCL' or 'demerged company'), wherein the Management has requested us to provide explanation on each of the valuation approach either adopted or not adopted by us for determining the share entitlement ratio, as an addendum to the Share Entitlement Ratio report dated 16 March 2020 issued by us, for the proposed demerger of Textile Business ('demerged Business') of GHCL into GHCL Textiles Limited ('GHCL Textiles' or 'resulting company'), which has been recently incorporated on June 17, 2020.

In this regard, we have attached an addendum to our original Share Entitlement Ratio report dated March 16, 2020 as Annexure-A to this letter.

Respectfully submitted,

N S KUMAR & CO.
 Chartered Accountants
 ICAI Firm Registration No. 139792W

Niranjn Kumar
 Proprietor
 Membership No. 121635
 UDIN: 20121635AAAADH3600



Date: 30 July 2020
 Place: Pune



Annexure-A:

Computation of Fair Share Exchange Ratio:

| Valuation Approach | GHCL Limited [A] | | Textiles Business [B] (to be demerged into GHCL Textiles Limited) | |
|--------------------------------------|-----------------------|--------|---|--------|
| | Value Per Share (INR) | Weight | Value Per Share (INR) | Weight |
| Asset Approach | NA (Refer Note 1) | 0% | NA (Refer Note 1) | 0% |
| Income Approach | NA (Refer Note 2) | 0% | NA (Refer Note 2) | 0% |
| Market Approach | NA (Refer Note 3) | 0% | NA (Refer Note 3) | 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, Textiles Business of GHCL Limited ('demerged company') will be demerged into its recently incorporated wholly owned subsidiary i.e. GHCL Textiles Limited ('resulting company') and upon cancellation of the outstanding issued and paid up shares held by demerged company in the resulting company by way of capital reduction, fresh issue of shares would be made to the existing shareholders of demerged company on a proportionate basis such that their shareholding in the resulting company would mirror their existing shareholding in demerged company.

In light of the above, we have not carried out any independent valuation of the demerged company (i.e. GHCL) and Textiles Business of GHCL (to be demerged into GHCL Textiles Limited) 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 the demerged company (i.e. GHCL) and Textiles Business of GHCL (to be demerged into GHCL Textiles Limited) 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 the demerged company (i.e. GHCL) and Textiles Business of GHCL (to be demerged into GHCL Textiles Limited) using the Market Approach.



NS KUMAR & CO.
Chartered Accountants





Date: 16 March 2020

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

Subject: Recommendation of fair share entitlement ratio for the proposed demerger of the Textiles Business of GHCL Limited into its wholly owned subsidiary (to be incorporated).

Dear Sir,

We refer to the engagement letter and discussions held with the Management of GHCL Limited (hereinafter referred to as 'GHCL' or 'demerged company'), wherein the Management of GHCL has requested N S KUMAR & CO. ('NSK', 'we' or 'us') to recommend a fair share entitlement ratio for the proposed demerger of the "Textiles Business" of GHCL into a wholly owned subsidiary of GHCL which is to be incorporated (hereinafter referred to as 'WOS' or 'resulting company').

Please find enclosed the report (comprising 8 pages) detailing our recommendation of fair share entitlement ratio for the proposed demerger and the assumptions used in our analysis.

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

COMPANY BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

GHCL Limited ('the demerged company') is a public limited company and 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 and consumer products ('Chemical Business'); and ii) manufacturing and sale of textiles (including yarn manufacturing, weaving, processing, cutting and sewing of home textile products) ('Textiles Business'). The equity shares of GHCL are listed on both NSE and BSE.

The Management of GHCL (hereinafter referred to as 'the Management') are contemplating a proposal to demerge the Textiles Business of GHCL ('the demerged company') into a yet to be incorporated wholly owned subsidiary of GHCL ('WOS' or 'the resulting Company') ('proposed demerger') 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 Textiles Business of GHCL will be demerged into its wholly owned subsidiary ('WOS') (i.e. resulting company) which is yet to be incorporated. Further, we understand that as a part of the same Scheme, the outstanding issued and paid up share capital of WOS ('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 NSK to submit a report recommending a fair share entitlement ratio for issue of shares of WOS to the shareholders of GHCL as a consideration for the proposed demerger.

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 fair 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 Indian Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India (ICAI) and applicable Securities Exchange Board of India ('SEBI') Guidelines as may be applicable to listed entities.

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.

SHAREHOLDING PATTERN

GHCL Limited ('Demerged Company')

The equity shareholding pattern of GHCL as at 28 February 2020 is set out below:

| Category of shareholder | Number of equity shares (Face Value of INR 10 each) | Percentage % |
|--------------------------------|--|-------------------------|
| Promoter and Promoter Group | 1,81,93,310 | 19.1% |
| Public | 7,68,19,976 | 80.9% |
| Total | 9,50,13,286 | 100.0% |

Resulting Company

We have been informed by the Management that the Textiles Business will be demerged into a yet to be incorporated company which will be a wholly owned subsidiary ('WOS') of GHCL.

Further, we understand that as a part of the same demerger scheme, the outstanding issued and paid up share capital of WOS ('Pre Demerger Equity Share Capital') would be cancelled by way of capital reduction.

SOURCES OF INFORMATION

In connection with preparation of this report, we have used and relied on the following sources of information:

A. Company specific information:

Information provided by the Management which includes:

- 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 as at 28 February 2020; and
- Discussion with the Management to understand the rationale and basis for arriving at the recommended share entitlement ratio;

B. Industry and economy information:

- 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.

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;
- Determined the fair share entitlement ratio in discussions with the Management, for issue of equity shares of resulting company to the shareholders of GHCL as a consideration for the proposed demerger of the Textiles Business of GHCL into resulting company after taking into consideration the shareholding pattern of GHCL and the proposed shareholding pattern after considering the effect of the capital reduction in the resulting company which is part of the scheme;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Analysis of other facts and data as considered necessary; and
- Arrived at the final share entitlement ratio for the proposed demerger after considering the effect of capital reduction.



N. S. KUMAR & CO.
Chartered Accountants

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



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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;
- proposed capital reduction of all the outstanding issued and paid up share capital of the 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;

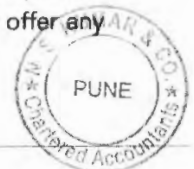
We have not carried out a due diligence or audit or review of the Companies for the purpose of this engagement, nor have we independently investigated or otherwise verified the data provided.

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.



NS KUMAR & CO.
Chartered Accountants

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



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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 recorded in the financial statements of the Company.

We would like to emphasize that as per the proposed scheme of demerger, Textiles Business of GHCL ('demerged company') will be demerged into its wholly owned subsidiary which is yet to be incorporated ('WOS' or 'resulting company') and upon cancellation of the outstanding issued and paid up share capital as a part of the scheme of the resulting company 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 the resulting company.

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. We must emphasize that since the proportionate shareholding would be maintained before and after the proposed demerger (i.e. there would be no change in the shareholding pattern), we have not carried out any independent valuation of the demerged company, the resulting company or the demerging business as a part of this engagement. This report is restricted to recommendation of share entitlement ratio for the proposed demerger only.

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

We owe responsibility only to the Board of Directors of GHCL, 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 NSK exceed the amount as agreed in our Engagement Letter.

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



NS KUMAR & CO.
Chartered Accountants

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



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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 relevant filings with the statutory authorities/ circulation among the stakeholders of the demerged/ resulting company with respect to the proposed demerger, without our prior written consent.

RATIONALE FOR SHARE ENTITLEMENT RATIO

As mentioned earlier, as a part of the scheme of demerger, the Textiles Business of GHCL is proposed to be demerged into its wholly owned subsidiary which is yet to be incorporated. GHCL has identified all the assets and liabilities of the Textiles Business which are to be taken over by and transferred to WOS. Also, as a part of the same Scheme all the outstanding issued and paid up share capital of WOS ('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 WOS and with the outstanding issued and paid up share capital of WOS ('Pre Demerger Equity Share Capital') getting cancelled by way of a capital reduction which would be part of the same scheme, their shareholding in WOS 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 the subject business. The Management has proposed a share entitlement ratio of "1 (One) equity share of WOS 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 WOS.

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 WOS 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 WOS, the equity shareholders of GHCL and WOS 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 WOS post-demerger in the same proportion as their existing economic interests, rights and obligations in GHCL pre-demerger.



NS KUMAR & CO.
Chartered Accountants

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

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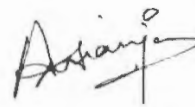
CONCLUSION

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 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 demerged company i.e. GHCL.

Respectfully submitted,

N S KUMAR & CO.
Chartered Accountants
ICAI Firm Registration No. 139792W



Niranjana Kumar
Proprietor

Membership No. 121635

UDIN: 20121635AAAABL192E

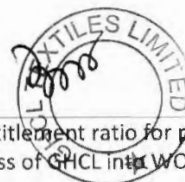
Place: Pune

Date: 16 March 2020



NS KUMAR & CO.
Chartered Accountants

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



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Annexure-1

As per the proposed scheme of demerger, Textiles Business of GHCL ('demerged company') will be demerged into its wholly owned subsidiary which is yet to be incorporated ('WOS' or 'resulting company') and upon cancellation of the outstanding issued and paid up shares held by demerged company in the resulting company by way of capital reduction, fresh issue of shares would be made to the existing shareholders of demerged company on a proportionate basis such that their shareholding in the resulting company would mirror their existing shareholding in demerged company. Hence, we have not carried out any independent valuation of demerged company (i.e. GHCL) and Textiles Business (i.e. demerged business).

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

NA: Not adopted



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N S KUMAR & CO.
Chartered Accountants

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

Page 8 of 8

Date: 16 March 2020

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

Subject: Recommendation of fair share entitlement ratio for the proposed demerger of the Textiles Business of GHCL Limited into its wholly owned subsidiary (to be incorporated).

Dear Sir,

We refer to the engagement letter and discussions held with the Management of GHCL Limited (hereinafter referred to as 'GHCL' or 'demerged company'), wherein the Management of GHCL has requested Niranjan Kumar, Registered Valuer- Securities and Financial Assets ('NSK', 'we' or 'us') to recommend a fair share entitlement ratio for the proposed demerger of the "Textiles Business" of GHCL into a wholly owned subsidiary of GHCL which is to be incorporated (hereinafter referred to as 'WOS' or 'resulting company').

Please find enclosed the report (comprising 8 pages) detailing our recommendation of fair share entitlement ratio for the proposed demerger and the assumptions used in our analysis.

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

COMPANY BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

GHCL Limited ('the demerged company') is a public limited company and 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 and consumer products ('Chemical Business'); and ii) manufacturing and sale of textiles (including yarn manufacturing, weaving, processing, cutting and sewing of home textile products) ('Textiles Business'). The equity shares of GHCL are listed on both NSE and BSE.

The Management of GHCL (hereinafter referred to as 'the Management') are contemplating a proposal to demerge the Textiles Business of GHCL ('the demerged company') into a yet to be incorporated wholly owned subsidiary of GHCL ('WOS' or 'the resulting Company') ('proposed demerger') 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 Textiles Business of GHCL will be demerged into its wholly owned subsidiary ('WOS') (i.e. resulting company) which is yet to be incorporated. Further, we understand that as a part of the same Scheme, the outstanding issued and paid up share capital of WOS ('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 NSK to submit a report recommending a fair share entitlement ratio for issue of shares of WOS to the shareholders of GHCL as a consideration for the proposed demerger.

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 fair 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 Indian Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India (ICAI) and applicable Securities Exchange Board of India ('SEBI') Guidelines as may be applicable to listed entities.

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.

SHAREHOLDING PATTERN

GHCL Limited ('Demerged Company')

The equity shareholding pattern of GHCL as at 28 February 2020 is set out below:

| Category of shareholder | Number of equity shares (Face Value of INR 10 each) | Percentage % |
|--------------------------------|--|-------------------------|
| Promoter and Promoter Group | 1,81,93,310 | 19.1% |
| Public | 7,68,19,976 | 80.9% |
| Total | 9,50,13,286 | 100.0% |



Resulting Company

We have been informed by the Management that the Textiles Business will be demerged into a yet to be incorporated company which will be a wholly owned subsidiary ('WOS') of GHCL.

Further, we understand that as a part of the same demerger scheme, the outstanding issued and paid up share capital of WOS ('Pre Demerger Equity Share Capital') would be cancelled by way of capital reduction.



Niranjana Kumar
Registered Valuer - Securities and Financial Assets

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

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SOURCES OF INFORMATION

In connection with preparation of this report, we have used and relied on the following sources of information:

A. Company specific information:

Information provided by the Management which includes:

- 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 as at 28 February 2020; and
- Discussion with the Management to understand the rationale and basis for arriving at the recommended share entitlement ratio;

B. Industry and economy information:

- 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.

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:

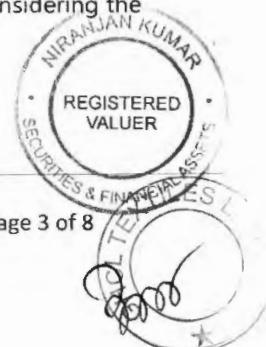
- Reviewed the draft scheme of arrangement;
- Determined the fair share entitlement ratio in discussions with the Management, for issue of equity shares of resulting company to the shareholders of GHCL as a consideration for the proposed demerger of the Textiles Business of GHCL into resulting company after taking into consideration the shareholding pattern of GHCL and the proposed shareholding pattern after considering the effect of the capital reduction in the resulting company which is part of the scheme;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Analysis of other facts and data as considered necessary; and
- Arrived at the final share entitlement ratio for the proposed demerger after considering the effect of capital reduction.



Niranjan Kumar
Registered Valuer- Securities and Financial Assets

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

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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;
- proposed capital reduction of all the outstanding issued and paid up share capital of the 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.

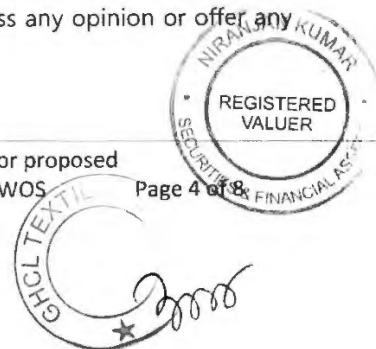
We are not legal or regulatory advisors with respect to legal and regulatory matters for the proposed demerger. We do not express any form of assurance that the financial information or other information as prepared and provided by the Management is accurate. Also, with respect to explanations and information 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.



Niranjan Kumar
Registered Valuer- Securities and Financial Assets

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

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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 recorded in the financial statements of the Company.

We would like to emphasize that as per the proposed scheme of demerger, Textiles Business of GHCL ('demerged company') will be demerged into its wholly owned subsidiary which is yet to be incorporated ('WOS' or 'resulting company') and upon cancellation of the outstanding issued and paid up share capital as a part of the scheme of the resulting company 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 the resulting company.

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. We must emphasize that since the proportionate shareholding would be maintained before and after the proposed demerger (i.e. there would be no change in the shareholding pattern), we have not carried out any independent valuation of the demerged company, the resulting company or the demerging business as a part of this engagement. This report is restricted to recommendation of share entitlement ratio for the proposed demerger only.

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

We owe responsibility only to the Board of Directors of GHCL, 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 NSK exceed the amount as agreed in our Engagement Letter.

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



Niranjan Kumar
Registered Valuer- Securities and Financial Assets

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



Page 5 of 8

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 relevant filings with the statutory authorities/ circulation among the stakeholders of the demerged/ resulting company with respect to the proposed demerger, without our prior written consent.

RATIONALE FOR SHARE ENTITLEMENT RATIO

As mentioned earlier, as a part of the scheme of demerger, the Textiles Business of GHCL is proposed to be demerged into its wholly owned subsidiary which is yet to be incorporated. GHCL has identified all the assets and liabilities of the Textiles Business which are to be taken over by and transferred to WOS. Also, as a part of the same Scheme all the outstanding issued and paid up share capital of WOS ('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 WOS and with the outstanding issued and paid up share capital of WOS ('Pre Demerger Equity Share Capital') getting cancelled by way of a capital reduction which would be part of the same scheme, their shareholding in WOS 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 the subject business. The Management has proposed a share entitlement ratio of "1 (One) equity share of WOS 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 WOS.

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 WOS 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 WOS, the equity shareholders of GHCL and WOS would be same.

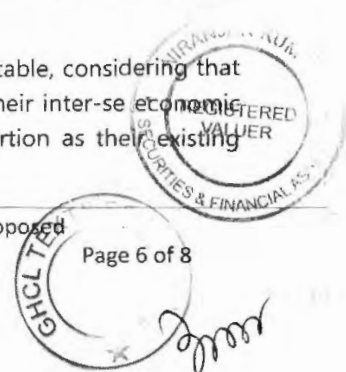
Therefore, in our view, the above Share Entitlement Ratio is fair and equitable, considering that all the shareholders of GHCL, will, upon the proposed demerger, have their inter-se economic interests, rights, obligations in WOS post-demerger in the same proportion as their existing economic interests,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



Niranjan Kumar
Registered Valuer- Securities and Financial Assets

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

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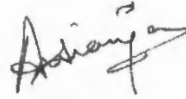


CONCLUSION

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 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 demerged company i.e. GHCL.

Respectfully submitted,



Niranjn Kumar
Registered Valuer- Securities and Financial Assets
IBBI Registration Number: IBB1/RV/06/2018/10137
ICAIRVO/06/RV-P000021/2018-19
UDIN: 20121635AAAABL1926

Date: 16 March 2020
Place: Pune



Niranjn Kumar
Registered Valuer- Securities and Financial Assets

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

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Annexure-1

As per the proposed scheme of demerger, Textiles Business of GHCL ('demerged company') will be demerged into its wholly owned subsidiary which is yet to be incorporated ('WOS' or 'resulting company') and upon cancellation of the outstanding issued and paid up shares held by demerged company in the resulting company by way of capital reduction, fresh issue of shares would be made to the existing shareholders of demerged company on a proportionate basis such that their shareholding in the resulting company would mirror their existing shareholding in demerged company. Hence, we have not carried out any independent valuation of demerged company (i.e. GHCL) and Textiles Business (i.e. demerged business).

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

NA: Not adopted



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Niranjjan Kumar



Niranjjan Kumar
Registered Valuer - Securities and Financial Assets

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

Page 8 of 8

ANNEXURE 6
KEYNOTE

25
YEARS
OF CREATING
VALUE
THROUGH
RELATIONSHIPS
AND
TRUST

16th March, 2020

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

Dear Sir,

Reg: Fairness Opinion in connection with the proposed demerger of Textiles business of GHCL Limited ("GHCL")

Keynote Financial Services Limited ("Keynote" or "we" or "us") is a Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We understand that the management of GHCL Limited ("GHCL" or "The Company") is contemplating a Scheme of Arrangement ("Scheme") for the demerger of the Textiles business of GHCL. The proposed realignment is to be carried out pursuant to the Scheme of Arrangement under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

In connection with the aforesaid, we have been requested by the management of GHCL to issue a Fairness Opinion as of the date hereof, as to the fairness of the Share Allotment/ Entitlement Ratio to the Equity Shareholders of GHCL. We have perused the documents / information provided by you in respect of the said Arrangement and the Valuation Report as issued by N.S. Kumar & Co., Chartered Accountants, dated 16th March 2020 and state as follows:

Company Profile:

GHCL Limited 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, Consumer Products Business) ('Chemical business') (ii) manufacture and sale of textiles (including but not limited to yarn manufacturing, weaving, processing, cutting and sewing of home textiles products) ('Textiles business').

Rationale of the Report:

Keeping in view the interest of all stakeholders of the Company, the management of GHCL intend to transfer Textiles business of GHCL to the Resulting Company (to be incorporated), which would enable a more efficient, effective and focused management and utilization of resources and talent, and for administrative convenience. It is expected that such restructuring will be beneficial for GHCL and its shareholders as it would result in a better focus on the Demerged Business and the Remaining Business, and unlock the value of the said businesses for the shareholders. Further, the demerger will enable the Remaining Business of



Page 1 of 4

Keynote Financial Services Limited

(formerly known as Keynote Corporate Services Limited)

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028

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CIN-L67120MH1993PLC072407



KEYNOTE

the GHCL to provide focused leadership and management attention on its Chemical business, through its specialized team which has built expertise over the years.

Our Recommendation:

As stated in the Valuation Report by N.S. Kumar & Co., Chartered Accountants, they have recommended the following:

"1(one) fully paid equity share of Rs.2 (Rupees Two) each of the Resulting Company for every 1 (one) fully paid equity share of Rs. 10 (Rupees Ten) each held by shareholders of GHCL"

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. Keynote 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 transaction.

Based on the information, data made available to us, to the best of our knowledge and belief, the Share Allotment / Entitlement Ratio as recommended by N.S. Kumar & Co., Chartered Accountants in relation to the proposed Draft Scheme of Arrangement is Fair to the equity shareholders of GHCL in our opinion.

Sources of Information:

For arriving at the Fairness Opinion set forth below, we have relied upon the following sources of information:

- Share Entitlement Ratio Report by N.S. Kumar & Co., Chartered Accountants dated 16th March, 2020
- Shareholding pattern of GHCL as on 31st December 2019.
- Draft Scheme of Arrangement between GHCL and Resulting Company and their Respective Shareholders.
- Annual report for FY 2017-2018 and 2018-2019 of Standalone Unaudited Results as on December 31, 2019

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis.



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Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by GHCL for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of GHCL. We have solely relied upon the information provided to us by GHCL. We have not reviewed any books or records of GHCL (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of GHCL and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of GHCL. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by GHCL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten claims and hence have not commented on the effect of such litigation or claims on this opinion. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of GHCL with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed Transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the management of GHCL during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the Transaction that GHCL may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving GHCL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to GHCL for providing a Fairness Opinion and will receive a fee for our services.

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Transaction.



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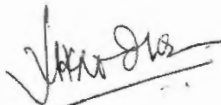
KEYNOTE

The Fairness Opinion is addressed only to the Board of Directors of GHCL and is for the purpose of submission to the Stock Exchanges under the SEBI Circular. Further, the Fairness Opinion may be disclosed on the website of GHCL and the Stock Exchanges and also be made part of the explanatory statement to be circulated to the shareholders and / or creditors of the Company. The Fairness Opinion should be read in totality and not in parts. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without Keynote's prior written consent. If this Fairness Opinion is used by any person other than whom it is addressed or for any purpose other than the purpose state hereinabove, then we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to GHCL's underlying decision to effect to the proposed Transaction or as to how the holders of equity shares or preference shares or secured or unsecured creditors of GHCL should vote at their respective meetings, if any, held in connection with the Transaction. We do not express and should not be deemed to have expressed any views on any other terms of Transaction. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of GHCL will trade following the announcement of the Transaction or as to the financial performance of GHCL following the consummation of the Transaction.

In no circumstances however, will Keynote Financial Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Financial Services Limited or its associates, directors or employees by any third party, GHCL and their affiliates shall indemnify them.

For Keynote Financial Services Limited



Nipun Lodha
Exec. Vice President and Head Corporate Finance



Keynote Financial Services Limited

(formerly known as Keynote Corporate Services Limited)

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CIN-L67120MH1993PLC072407



ANNEXURE 7

BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
Corporate Identity Number: L67120MH2005PLC155188



DCS/AMAL/SD/R37/1847/2020-21

“E-Letter”

November 19, 2020

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 Draft Scheme of Arrangement of GHCL Ltd with GHCL Textiles Ltd and their respective shareholders and creditors.

We are in receipt of Draft Scheme of Arrangement of GHCL Ltd filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its Email dated November 19, 2020 has inter alia given the following comment(s) on the draft scheme of arrangement:

- “Company shall ensure that applicable information pertaining to unlisted companies – GHCL Textiles Ltd is included in abridged prospectus as per specified format.”
- “Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, 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 Circular.”
- “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 is 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 Ltd 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 Ltd shall comply with 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 Ltd is at the discretion of the Exchange. In addition to the above, the listing of GHCL Textiles Ltd pursuant to the Scheme of Amalgamation 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 Ltd 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 the information of GHCL Textiles Ltd 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 Ltd 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 Ltd 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



BSE Limited Registered Office: Floor 25, P J Towers, Dalal Street, Mumbai – 400 001, India
T : +91 22 2272 8045 / 8055 F : +91 22 2272 3457 www.bseindia.com
Corporate Identity Number: L67120MH2005PLC155188

contravention of Rules, Bye-laws 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/-

Nitinkumar Pujari
Senior Manager



BSE - INTERNAL



National Stock Exchange Of India Limited

Ref: NSE/LIST/24227_II

November 19, 2020

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

Kind Attn.: Mr. Bhwneshwar Mishra

Dear Sir,

Sub: Observation Letter for the Draft Scheme of Arrangement between GHCL Limited and GHCL Textiles Limited and their respective shareholders and creditors

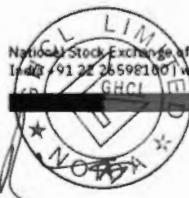
We are in receipt of the Draft Scheme of Arrangement between GHCL Limited (Demerged Company) and GHCL Textiles Limited (Resulting Company) and their respective shareholders and creditors vide application dated July 17, 2020.

Based on our letter reference no Ref: NSE/LIST/24227 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. *The Company shall ensure that additional information, 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.*
- b. *The Company shall duly comply with various provisions of the Circular.*
- c. *The 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.*
- d. *The Company shall ensure that applicable information pertaining to unlisted companies – GHCL Textiles Limited is included in abridged prospectus as per specified format.*
- 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 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/ observation/ representations.*

This Document is Digitally Signed

Signer: Jiten Bharat Patel
Date: Thu, Nov 19, 2020 18:28:26 IST
Location: NSE



National Stock Exchange of India Limited | Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.
India | 91 22 26598100 | www.nseindia.com | CIN U67125MH1999PLC069769

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 dated March 10, 2017.

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, to enable the Company to file the draft scheme with NCLT.

However, the listing of equity shares of GHCL Textiles Limited (Resulting Company) on the National Stock Exchange India Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957. Further, GHCL Textiles Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authorities and Rules, Byelaws and Regulations of the Exchange.

The Company should also fulfill 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 (Resulting Company) is at the discretion of the Exchange.

The listing of GHCL Textiles Limited (Resulting Company) pursuant to the Composite 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 (Resulting Company) and its group companies in line with the disclosure requirements applicable for public issues with NSE for making the same available to the public through website of the companies.
2. To publish an advertisement in the newspapers containing all the information about GHCL Textiles Limited (Resulting Company) 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 (Resulting Company) 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."
 - (b) "There shall be no change in the shareholding pattern or control in GHCL Textiles Limited (Resulting Company) between the record date and the listing which may affect the status of this approval."

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from November 19, 2020 within which the scheme shall be submitted to NCLT.

Yours faithfully,
For National Stock Exchange of India Limited

Jiten Patel
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm



This Document is Digitally Signed



Signer: Jiten Bharat Patel
Date: Thu, Nov 19, 2020 18:28:26 IST
Location: NSE

**September 15, 2020****BSE Limited**Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001**BSE Code: 500171****National Stock Exchange of India Limited**Exchange Plaza,
Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai - 400 051.**NSE Code: GHCL**

Dear Sir/Madam,

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

Subject: Report on Complaints in terms of Para 6 of Part I (A) of Annexure I to the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 as amended from time to time ('SEBI Circular')

We refer to our application dated July 17, 2020 under Regulation 37 of the Listing Regulations in connection with the aforesaid Scheme.

Please note that specified Scheme related documents were uploaded on Company's website viz. www.ghcl.co.in on July 18, 2020. Further, National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) had uploaded the Scheme related documents on the website of the Exchanges on August 21, 2020 and August 24, 2020 respectively.

As per above mentioned SEBI Circular, the applicant company is required to submit the Complaints report within 7 days after expiry of 21 days from the date of updation of scheme documents on the website of stock exchanges.

In this connection, please find enclosed herewith the Complaints report as on September 15, 2020 for your kind perusal in the format specified in the SEBI Circular.

The Complaints Report is also being uploaded on the website of the Company, i.e. www.ghcl.co.in, as per requirement of said SEBI Circular.

You are requested to take the above document on record and process our application.

Thanking You,

Yours Faithfully,

For GHCL Limited

Bhuweshwar Mishra
Sr. General Manager & Company Secretary**Date:** September 15, 2020**Place:** Noida**Encl:** Report on Complaints

B- 38, GHCL House, Institutional Area, Sector- 1, Noida (I.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

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 |

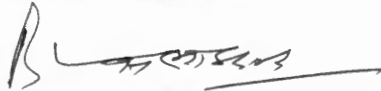
NA: Not Applicable

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



Bhuwneswar Mishra
Sr. General Manager & Company Secretary

Date: September 15, 2020

Place: Noida



भारतीय प्रतिस्पर्धा आयोग
COMPETITION COMMISSION OF INDIA

ई-मेल तथा स्पीड पोस्ट द्वारा

संयोजन पंजीकरण सं०: सी-2020/08/766

दिनांक: 04.11.2020

सेवा में,

Mr. Bhwneshwar Mishra
Senior General Manager & Company Secretary
GHCL Limited
GHCL House, B-38, Institutional Area
Sector-1, Noida – 201301
Email: bmishra@ghcl.co.in

विषय: प्रतिस्पर्धा अधिनियम, 2002 की धारा 6 की उप-धारा (2) के अंतर्गत दायर नोटिस:
(पंजीकरण सं०. सी-2020/08/766)

आयोग ने प्रतिस्पर्धा अधिनियम, 2002 की धारा 6 की उप-धारा (2) के अंतर्गत दायर नोटिस के संबंध में एक आदेश पारित किया है।

2. आदेश की प्रमाणित प्रति एतद्वारा आपकी जानकारी हेतु संलग्न है।
3. कृपया पावती भेजें।

संलग्नक: उपरोक्तानुसार

ज्योति जिं०
(ज्योति जिंदगर)
सचिव (I/c)





सत्यमेव जयते



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/08/766)

29th September, 2020

Notice under Section 6 (2) of the Competition Act, 2002 filed by GHCL Ltd

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

Order under Section 31(1) of the Competition Act, 2002

1. On 31st August, 2020, Competition Commission of India (**Commission**) received a notice under Section 6 (2) of the Competition Act, 2002 (**Act**), filed by GHCL Ltd. (**GHCL**) regarding a proposed demerger of Textiles business division of GHCL into its wholly owned subsidiary GHCL Textiles (**GHCL Textiles**) pursuant to the Scheme of Arrangement approved by the Board of Directors of GHCL on 16th March 2020. Further, the Board of Directors of GHCL Textiles also approved the Scheme on 7th July, 2020.
2. The Commission sought certain information(s)/ clarification(s) from **GHCL** and a response to the same was received on 23rd September, 2020.





3. GHCL is a public limited company incorporated in India, listed on the BSE Limited and the National Stock Exchange of India Limited. It is stated to be *inter alia*, engaged in (a) 'Chemical business' which involves manufacture and sale of inorganic chemicals, Sodium Bicarbonate, Industrial Salt and Consumer Products and (b) 'Textile business' which is an integrated setup that supports activities from spinning yarn to weaving, dyeing, printing, and processing until shaping and export of finished products.
4. GHCL Textiles is public limited company incorporated in India, is a wholly owned subsidiary of GHCL and has not initiated any business activity.
5. As per the notice, the proposed combination involves an internal restructuring of GHCL's business by way of a proposed demerger of its Textiles business division into its wholly owned subsidiary company GHCL Textiles. Pursuant to such proposed demerger, GHCL will retain its chemicals and consumer products business and GHCL Textiles will be engaged in the Textiles business. Shareholders of GHCL will receive shares in GHCL Textiles on the basis of swap ratio of 1:1, resulting in mirror shareholding pattern of the GHCL and the GHCL Textiles. The GHCL Textiles will then not remain a subsidiary of GHCL, as the pre-demerger capital held by GHCL in GHCL Textiles will get cancelled as part of the Scheme (**Proposed Combination**). Hereinafter, GHCL and GHCL Textiles are collectively referred to as the "Parties".
6. The Parties have submitted that the Proposed Combination does not squarely fall within ambit of the intra-group exemption set out at sub-rule 8 of Schedule 1 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**), which provides that where a person or enterprise acquires the shares, voting rights or assets of another person or enterprise within the same group (unless the acquired enterprise is jointly controlled by enterprises that are not part of the same group).





7. Further, the Proposed Combination is only a demerger of Textiles business division to an entity that will be, at first, a wholly owned subsidiary of GHCL, and which will have the same set of shareholders as GHCL (in the same proportion as their shareholding in GHCL) once the proposed demerger has been effected. Further, GHCL is not jointly controlled by any other enterprise and no other public shareholder holds any special contractual rights with respect to GHCL.
8. In view of above, it is noted that as a result of the Proposed Combination there will not be any change in competition dynamics in the market in which the Parties operate, and therefore, the same is not likely to raise competition concern in India.
9. Considering the material on record including the details provided in the Notice and the assessment of the Proposed Combination based on the factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
10. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
11. The Secretary is directed to communicate to the Parties accordingly.



Certified True Copy

[Handwritten Signature]
 4/11/2020
 Director
 Competition Commission of India
 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, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone 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, 2020, its profit including other comprehensive loss 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.

Emphasis of Matter

We draw attention to Note 47 of the accompanying standalone financial statements, which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the operations of the Company. Our opinion is not modified in respect of this matter.

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, 2020. 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.



S.R. Batliboi & Co. LLP, a Limited Liability Partnership with LLP Identity No. AAE-4294.
Regd. Office: 22, Camax Street, Block 9, 3rd Floor, Kolkata-700 016

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.

| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| <p>Impairment assessment of Home Textile Division (as described in Note 3 of the standalone Ind AS financial statements)</p> | |
| <p>Property, plant and equipment, Assets and Liabilities that are related to the integrated textile manufacturing facilities (at Tamil Nadu), Home Textiles facility (in Gujrat) and investments made in subsidiary to support the business hereafter collectively referred to as the “Home Textile Division or HT Division” with a carrying value amounting to Rs. 1152 crores.</p> <p>Home Textile Division has incurred losses in the last three years, as a result the management has performed an impairment assessment as per the accounting policy stated in note 2.2.L to the standalone Ind AS financial statements.</p> <p>Our audit focused on this area because the assessment of recoverable value of the aforesaid assets of HT Division requires management to make a number of key judgements and estimates with respect to the future performance and profitability of the HT Division which involves judgements and estimates on future growth rates, discount rates and Impact of Covid-19 etc.</p> <p>Accordingly, Impairment assessment of the Company’s Home Textile division has been considered as a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Understood management and the board’s controls over the assessment of the carrying value of HTD’s property, plant and equipment to determine whether any asset impairment was required. • Together with valuation specialists, we assessed the Company’s valuation methodology applied in estimating the recoverable amount of the Company’s Home Textile Division based on the cash flow projections provided by the management. • Together with valuation specialists, we tested the assumptions of the cash flow forecasts (Post Covid-19), i.e. future growth rates, discount rates used. • Performed sensitivity analysis around the key assumptions used by management in impairment testing to understand the impact of reasonable changes in assumptions on the estimated recoverable amounts. • Assessed the disclosures included in the financial statements in note 3 to the standalone Ind AS financial statements. |

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 2019-20, 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 standalone 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 loss, 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 standalone 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 standalone Ind AS financial statements for the financial year ended March 31, 2020 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, 2016 ("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;



S.R. BATLIBOI & CO. LLP

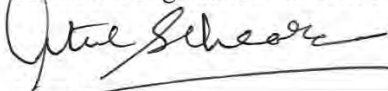
Chartered Accountants

- (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive loss, 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 standalone 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) The matter described in Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
- (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure 2” to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2020 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;
- (i) 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

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Atul Seksaria**

Partner

Membership Number: 086370

UDIN: 20086370AAAABE2136

Place of Signature: Gurugram

Date: May 20, 2020



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.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2020 and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loan to a subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

(b) 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.

(c) 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.

(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 and, 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, sales-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it.



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(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-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.

(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 Statute | Nature of Dues | Demand raised (Amount in Rs Crore) | Pre - Deposit (Amount in Rs 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) |
| Central Excise Act, 1944 | Denial of service tax credit on ineligible services | 4.26 | 0.10 | F.Y 2004-2005, F.Y 2009-10, F.Y.2016-17 | Dy. Commissioner, Junagadh & Commissioner, Bhavnagar |
| | Denial of CENVAT Credit & Non Payment of Service Tax & Excise Duty, Demand of excise duty on Fly Ash & Trading Material | 65.48 | 4.72 | F.Y. 2008-09 to F.Y. 2016-17 | Customs, Excise and Service Tax Appellate Tribunal, Ahmedabad |
| | 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 | 0.03 | - | 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 | Contribution Demand | 0.03 | - | F.Y 1989-2002 |



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| Chartered Accountants | Contribution Demand | 0.01 | - | F.Y 1985-1986 | Hon'ble Supreme Court of India |
|-----------------------------|---|--------|------|----------------------------|--------------------------------|
| Income Tax Act, 1948 | Disallowance of write off of loans to subsidiaries and interest thereon, corporate guarantees encashed by third parties on subsidiaries' s behalf, foreign sales commission, service income of subsidiaries and disallowances under section 14A | 154.65 | - | F.Y 2008-09 to F.Y 2013-14 | ITAT Ahmedabad |
| | Disallowance for claim u/s 80-IA, Section 14A and others | 3.63 | - | F.Y 2015-2016 | Joint Comm, Ahmedabad |
| Gujarat Sales Tax Act, 1969 | Disallowance of Set off of Sales Tax | 0.02 | 0.02 | FY 2002-2003 | VAT Tribunal, Ahmedabad |
| | | 0.02 | - | FY 2003-2004 | Joint Comm. (Audit), Ahmedabad |

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

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or Government. The Company did not have any outstanding debentures during the year.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer / further public offer / debt instruments during the year.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.



S.R. BATLIBOI & CO. LLP

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 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) According to the information and explanations given to us, and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

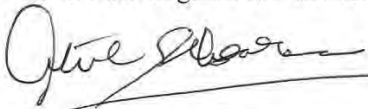
(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are 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: 20086370AAAABE2136

Place of Signature: Gurugram

Date: May 20, 2020



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 over financial reporting of GHCL ("the Company") as of March 31, 2020 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. 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 over financial reporting 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting 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 over financial reporting with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting 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 internal financial controls over financial reporting with reference to these standalone financial statements.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these 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 control over financial reporting with reference to these 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 Over Financial Reporting With Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, 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.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Atul Seksaria**

Partner

Membership Number: 086370

UDIN: 20086370AAAABE2136

Place of Signature: Gurugram

Date: May 20, 2020



Standalone Balance Sheet

as at March 31, 2020, (INR in crores)

| Particulars | Note No. | As at | |
|--|----------|-----------------|-----------------|
| | | March 31, 2020 | March 31, 2019 |
| I. Assets | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 2,635.40 | 2,576.92 |
| (b) Capital work-in-progress | 3 | 119.96 | 113.64 |
| (c) Other Intangible assets | 4 | 5.46 | 4.56 |
| (d) Right-of-use assets | | 13.73 | - |
| (e) Intangible assets under development | 34 | 1.76 | 3.82 |
| (f) Financial assets | | | |
| (i) Investments | 5 | 34.23 | 46.56 |
| (ii) Loans | 6A | 15.51 | 11.45 |
| (iii) Other non-current financial assets | 6B | 0.00 | 0.00 |
| (g) Other-non current assets | 7 | 67.19 | 24.37 |
| Total Non-Current Assets | | 2,893.24 | 2,781.32 |
| (2) Current assets | | | |
| (a) Inventories | 8 | 724.27 | 668.26 |
| (b) Financial assets | | | |
| (i) Trade receivables | 9 | 357.58 | 380.23 |
| (ii) Cash and cash equivalents | 10A | 89.60 | 4.44 |
| (iii) Bank balances other than cash and cash equivalents | 10B | 23.92 | 23.32 |
| (iv) Loans | 11A | 3.86 | 4.86 |
| (v) Derivative instruments | 11B | - | 2.26 |
| (vi) Other current financial asset | 11C | 22.78 | 18.09 |
| (c) Current tax assets (net) | 12 | 7.59 | - |
| (d) Other current assets | 13 | 46.66 | 81.59 |
| Total Current Assets | | 1,278.26 | 1,183.05 |
| Assets held for sale | 3 | 31.46 | 39.23 |
| Total assets | | 4,200.96 | 4,003.60 |
| II. Equity and liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 14 | 95.01 | 98.03 |
| (b) Other equity | 15 | 2,090.55 | 1,853.92 |
| Total Equity | | 2,185.56 | 1,951.95 |
| Liabilities | | | |
| (1) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16A | 807.88 | 701.35 |
| (ii) Lease liabilities | 34 | 13.92 | - |
| (b) Provisions | 17A | 6.27 | 6.15 |
| (c) Deferred tax liabilities (net) | 12 | 253.08 | 253.00 |
| Total Non-Current Liabilities | | 1,081.16 | 960.50 |
| (2) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16B | 268.88 | 398.86 |
| (ii) Lease liabilities | 34 | 0.68 | - |
| (iii) Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | 18 | 12.92 | 14.83 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 18 | 392.87 | 393.02 |
| (iv) Derivative instruments | 19A | 6.25 | - |
| (v) Other financial liabilities | 19B | 216.78 | 230.97 |
| (b) Provisions | 17B | 12.83 | 15.13 |
| (c) Current tax liabilities (net) | 12 | - | 9.34 |
| (d) Other current liabilities | | | |
| (i) Contract liabilities | 21.2 | 6.11 | 3.66 |
| (ii) Other liabilities | 20 | 16.92 | 25.34 |
| Total Current Liabilities | | 834.24 | 1,091.15 |
| Total equity and liabilities | | 4,200.96 | 4,003.60 |

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 BHCL Limited

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E30G005

per Anil Sekaria

Partner

Membership No 086370

Place : Gurugram

Date: May 20, 2020



Sanjay Beema

Chairman

DIN: 00206992

R. S. Jalan

Managing Director

DIN: 00121260

Place : New Delhi

Date: May 20, 2020

Manoj Vaish

Director

DIN: 00157082

Raman Chopra

CFO & Executive Director-Finance

DIN: 00954180

Bhupendra Mishra

Sr. General Manager & Company Secretary

Membership No : FCS 5330

Standalone Statement of Profit and Loss

for the year ended March 31, 2020, (INR in crores)

| Particulars | Note No. | For Year ended March 31, 2020 | For Year ended March 31, 2019 |
|---|----------|-------------------------------|-------------------------------|
| Revenue | | | |
| Revenue from operations | 21 | 3,256.01 | 3,371.18 |
| Other income | 22 | 16.43 | 13.54 |
| Total Income | | 3,272.44 | 3,384.72 |
| Expenses | | | |
| Cost of raw materials consumed | 23 | 1,253.45 | 1,246.46 |
| Purchase of stock in trade | | 182.39 | 237.17 |
| (Increase)/Decrease in inventories of finished goods, stock-in-trade and work-in-progress | 24 | (14.02) | (31.77) |
| Power, fuel and water expense | | 513.17 | 505.33 |
| Employee benefit expense | 25 | 188.36 | 200.91 |
| Depreciation and amortization expense | 26 | 130.51 | 116.29 |
| Finance cost | 27 | 118.18 | 126.32 |
| Other expenses | 28 | 395.93 | 442.90 |
| Total expenses | | 2,767.97 | 2,843.61 |
| Profit before exceptional items and tax | | 504.47 | 541.11 |
| Profit before tax | | 504.47 | 541.11 |
| Tax expense: | | | |
| Current tax | | 143.38 | 153.84 |
| Less: Tax adjustment for Earlier years (Refer Note 12) | 12 | (2.48) | 0.84 |
| Deferred tax | | (42.93) | 25.40 |
| Total tax expense | | 97.97 | 180.08 |
| Profit for the year | | 406.50 | 361.03 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss in subsequent periods | | | |
| Re-measurement Gain/(Loss) on defined benefit plans | | (2.80) | 0.63 |
| Income tax effect | | 0.71 | (0.22) |
| Re-measurement Gain/(Loss) on investment in equity | | (3.44) | 1.23 |
| Income tax effect | | - | - |
| Net other comprehensive Gain/(Loss) not to be reclassified to profit or loss in subsequent periods | 29 | (5.53) | 1.64 |
| Total comprehensive income for the year, net of tax | | 400.97 | 362.67 |
| Earnings per equity share nominal value of shares INR 10 (Previous year INR 10 each) | 30 | | |
| Basic (INR) | | 41.51 | 36.88 |
| Diluted (INR) | | 41.51 | 36.56 |

The accompanying notes are internal 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

per Atul Sekaria

Partner

Membership No. 086370



Place : Gurugram

Date: May 20, 2020

Sanjay Dalmia

Chairman

DIN: 00206992

R. S. Jaian

Managing Director

DIN: 00121260

Place : New Delhi

Date: May 20, 2020

Manoj Vaish

Director

DIN: 00157082

Raman Chopra

CFO & Executive Director-Finance

DIN: 00954190

Bhuvaneshwar Mishra

Sr. General Manager & Company Secretary

Membership No.: FCS 5330

Standalone Statement of Cash Flows

for the year ended March 31, 2020, (INR in crores)

| Particulars | For Year ended March 31, 2020 | For Year ended March 31, 2019 |
|--|----------------------------------|----------------------------------|
| Operating activities | | |
| Profit before tax | 504.47 | 541.11 |
| Adjustments for: | | |
| Depreciation/amortisation | 130.51 | 116.29 |
| Loss/(Gain) on sale of investments/ diminution on value of an investment | 9.12 | (0.72) |
| Loss/(Gain) on sale of fixed assets | 1.48 | (0.41) |
| Interest income | (0.64) | (1.19) |
| Finance cost | 118.19 | 125.01 |
| Income from dividend | (0.08) | (0.05) |
| Employees share based payments | (7.18) | 19.90 |
| Unrealised exchange Loss/(Gain) | 13.19 | (7.36) |
| Operating Profit before working capital changes | 769.06 | 792.58 |
| Changes in working capital | | |
| Adjustments for (Increase)/decrease in assets: | | |
| Trade receivables | 17.93 | (90.13) |
| Inventories | (56.01) | (80.38) |
| Derivative instruments | (8.51) | 2.91 |
| Other current financial assets | (3.69) | 0.19 |
| Other current assets | 32.13 | (21.57) |
| Non-current financial assets | (4.06) | 1.81 |
| Other non-current assets | 2.21 | (0.32) |
| Adjustments for (Increase)/decrease in liabilities: | | |
| Contract liabilities | (2.45) | (1.41) |
| Trade payables | (10.37) | (0.49) |
| Other current financial liabilities | 1.34 | 51.77 |
| Other current liabilities | 8.42 | (1.39) |
| Provisions | (2.18) | (0.13) |
| Cash generated from operations | 743.82 | 653.44 |
| Direct taxes paid (net) | (115.53) | (92.70) |
| Net cash generated from operating activities | 628.29 | 560.74 |
| Cash flow from investing activities | | |
| Payment for Property, plant and equipment | (225.33) | (282.72) |
| Proceeds from sale of Property, plant and equipment | 9.73 | 9.77 |
| Sales/(Purchase) of Investment (Net) | (0.23) | (34.30) |
| Interest received | 0.64 | 1.19 |
| Dividend received | 0.08 | 0.05 |
| Net cash used in investing activities | (215.11) | (306.01) |



Standalone Statement of Cash Flows

for the year ended March 31, 2020, (INR in crores)

| Particulars | For Year ended March 31, 2020 | For Year ended March 31, 2019 |
|---|----------------------------------|----------------------------------|
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including premium) | 2.74 | 6.19 |
| Buyback of equity share capital (including tax paid) | (69.46) | - |
| Dividend paid | (76.26) | (48.75) |
| Dividend distribution tax paid | (10.08) | (10.01) |
| Proceeds from long-term borrowings | 252.74 | 136.45 |
| Repayment of long-term borrowings | (174.92) | (201.55) |
| Proceeds from short-term borrowings | (129.98) | (0.90) |
| Payment of lease liabilities | (2.06) | - |
| Unpaid dividend account (Net) | (1.26) | (0.33) |
| Bank deposit in escrow account and Margin Money | 0.66 | (7.76) |
| Interest paid | (120.14) | (132.64) |
| Net cash generated from financing activities | (328.02) | (259.30) |
| Net (decrease) / increase in cash and cash equivalents | 85.16 | (4.57) |
| Cash and cash equivalents at the beginning of the year | 4.44 | 9.01 |
| Cash and cash equivalents at the end of the year | 89.60 | 4.44 |
| Components of cash and cash equivalents | | |
| Cash on hand | 0.26 | 0.21 |
| Balances with banks: | | |
| - On current accounts | 89.34 | 4.23 |
| Total cash and cash equivalents (Note 10A) | 89.60 | 4.44 |

Notes:

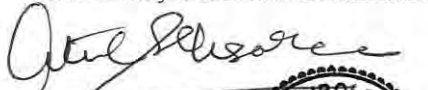
1. The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows.


The accompanying notes are Internal 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


per Atul Sekaria
Partner
Membership No. 086310



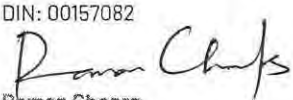
Place : Gurugram
Date: May 20, 2020


Sanjay Dalmia
Chairman
DIN: 00206992


R. S. Jalan
Managing Director
DIN: 00121260

Place : New Delhi
Date: May 20, 2020


Manoj Vaish
Director
DIN: 00157082


Raman Chopra
CFO & Executive Director-Finance
DIN: 00954190


Rhuwneshwar Mishra
Sr. General Manager & Company Secretary
Membership No.: FCS 5330

Standalone Statement of Changes in Equity

for the year ended March 31, 2020. (INR in crores)

A. Equity share capital

Equity Shares of INR 10 each issued, subscribed and fully paid up

| Particulars | Number of share | Amount |
|---|--------------------|--------------|
| As at April 1, 2018 | 9,74,23,286 | 97.42 |
| Changes in share capital- Shares issued under ESOS scheme during the year (Refer Note 14 on ESOS) | 6,05,000 | 0.61 |
| Balance as at March 31, 2019 | 9,80,28,286 | 98.03 |
| Changes in share capital- Shares issued under ESOS scheme during the year (Refer Note 14 on ESOS) | 1,85,000 | 0.18 |
| Changes in share capital- Buyback during the year (Refer Note 14 on Buyback) | (32,00,000) | (3.20) |
| Balance as at March 31, 2020 | 9,50,13,286 | 95.01 |

B. Other equity

| Particulars | Reserves and Surplus | | | | | | | | Total |
|---|----------------------|----------------------------------|--------------------------------|------------------------|-----------------------|---------------------------------|---------------------|--------------------|-----------------|
| | Capital reserve (A) | Business development reserve (B) | Capital redemption reserve (C) | Securities premium (D) | Retained earnings (E) | Share based payment reserve (F) | General reserve (G) | FVTOCI Reserve (H) | |
| Balance as at April 1, 2018 | 7.57 | 73.89 | 13.16 | 9.06 | 1,369.92 | 5.24 | 37.13 | 8.55 | 1,524.52 |
| Reserve created on account of ESOS issued during the year | - | - | - | 10.68 | - | - | - | - | 10.68 |
| Profit for the year | - | - | - | - | 361.03 | - | - | - | 361.03 |
| Employee stock option scheme | - | - | - | - | - | 14.80 | - | - | 14.80 |
| Dividend paid | - | - | - | - | (48.74) | - | - | - | (48.74) |
| Dividend distribution tax | - | - | - | - | (10.01) | - | - | - | (10.01) |
| Other comprehensive income | - | - | - | - | 0.41 | - | - | 1.23 | 1.64 |
| Balance as at March 31, 2019 | 7.57 | 73.89 | 13.16 | 19.74 | 1,672.61 | 20.04 | 37.13 | 9.78 | 1,853.92 |
| Reserve created on account of ESOS issued during the year | - | - | - | 5.54 | - | - | - | - | 5.54 |
| Reserve created on account of buy back during the year | - | - | 3.20 | - | - | - | (3.20) | - | - |
| Reserve Utilised on account of buy back during the year | - | - | - | (25.28) | - | - | (28.48) | - | (53.76) |
| Profit for the year | - | - | - | - | 406.50 | - | - | - | 406.50 |
| Employee stock option scheme | - | - | - | - | - | (10.17) | - | - | (10.17) |
| Dividend paid | - | - | - | - | (77.52) | - | - | - | (77.52) |
| Dividend distribution tax | - | - | - | - | (15.93) | - | - | - | (15.93) |
| Tax paid on Buy Back | - | - | - | - | (12.49) | - | - | - | (12.49) |
| Other comprehensive income | - | - | - | - | (2.10) | - | - | (3.44) | (5.53) |
| Balance as at March 31, 2020 | 7.57 | 73.89 | 16.36 | - | 1,071.07 | 9.87 | 5.45 | 6.34 | 2,080.55 |

The accompanying notes are Internal 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

per Atul Saksharia
Partner
Membership No. 086370

Place : Gurugram
Date : May 20, 2020



Sanjay Dalmia
Chairman
DIN: 00206992

R. S. Jafan
Managing Director
DIN: 00121260

Place : New Delhi
Date : May 20, 2020

Manoj Vaish
Director
DIN: 00157082

Raman Chopra
CFO & Executive Director-Finance
DIN: 00954190

Shuwreshwar Mishra
Sr. General Manager & 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 2020, the consolidated Statement of Profit and Loss, including other comprehensive loss, the consolidated Cash Flow Statement and the consolidated statement of Changes in Equity for the year then ended, and notes to the consolidated Ind AS 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 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 consolidated state of affairs of the Group as at March 31, 2020, their consolidated profit including other comprehensive loss, 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.

Emphasis of Matter

We draw attention to Note 48 of the accompanying Consolidated financial statements, which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the operations of the Group. Our opinion is not modified in respect of this matter.

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, 2020. 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 Ind AS financial statements.

| Key audit matters | How our audit addressed the key audit matter |
|--|---|
| Impairment assessment of Home Textile Division (as described in Note 3 of the standalone Ind AS financial statements) | |
| <p>Property, plant and equipment, Assets and Liabilities that are related to the integrated textile manufacturing facilities (at Tamil Nadu), Home Textiles facility (in Gujarat) and overseas business to support the business hereafter collectively referred to as the "Home Textile Division or HT Division" with a carrying value amounting to INR 1127 crores.</p> <p>Home Textile Division has incurred losses in the last three years, as a result the management has performed an impairment assessment as per the accounting policy stated in note 2.2.L to the consolidated Ind AS financial statements.</p> <p>Our audit focused on this area because the assessment of recoverable value of the aforesaid assets of HT Division requires management to make a number of key judgements and estimates with respect to the future performance and profitability of the HT Division which involves judgements and estimates on future growth rates, discount rates and Impact of Covid-19 etc.</p> <p>Accordingly, Impairment assessment of the Company's Home Textile division has been considered as a key audit matter.</p> | <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Understood management and the board's controls over the assessment of the carrying value of HTD's property, plant and equipment to determine whether any asset impairment was required. • Together with valuation specialists, we assessed the Company's valuation methodology applied in estimating the recoverable amount of the Company's Home Textile Division based on the cash flow projections provided by the management. • Together with valuation specialists, we tested the assumptions of the cash flow forecasts (Post Covid-19), i.e. future growth rates, discount rates used. • Performed sensitivity analysis around the key assumptions used by management in impairment testing to understand the impact of reasonable changes in assumptions on the estimated recoverable amounts. • Assessed the disclosures included in the financial statements in note 3 to the consolidated Ind AS financial statements. |



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 Ind AS financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated 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 consolidated 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 loss, 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 of 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 Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group and 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.

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 Group 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 Ind AS financial statements for the financial year ended March 31, 2020 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 INR 88.54 crores as at March 31, 2020, and total revenues of INR 136.75 crores and net cash outflows of INR 5.61 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 Ind AS 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 report(s) 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 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:

- (a) 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;
- (b) 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;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive loss, 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;
- (d) 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;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 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, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;



S.R. BATLIBOI & Co. LLP

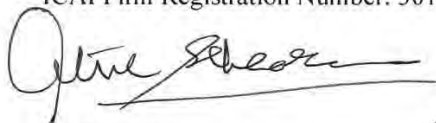
Chartered Accountants

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate Report in “Annexure 1” to this report;
- (g) In our opinion the managerial remuneration for the year ended March 31, 2020 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;
- (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 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 Ind AS financial statements – Refer Note 35 to the consolidated Ind AS financial statements;
 - ii. The Group 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 Holding Company.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Atul Seksaria**

Partner

Membership Number: 086370

UDIN: 20086370AAAABF3288

Place of Signature: Gurugram

Date: May 20, 2020



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** as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **GHCL Limited** (hereinafter referred to as the "Holding Company"), as of that date. The subsidiary companies which are part of the Group are incorporated outside India and internal financial controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") is not applicable to the subsidiary companies.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding Company is 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. 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements.



Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Consolidated Financial Statements

A company's internal financial control over financial reporting with reference to these 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 over financial reporting with reference to these 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 Over Financial Reporting with Reference to these Consolidated Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 Holding Company have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2020, 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.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per **Atul Seksaria**

Partner

Membership Number: 086370

UDIN: 20086370AAAABF3288

Place of Signature: Gurugram

Date: May 20, 2020



Consolidated Balance Sheet

as at March 31, 2020, (INR in crores)

| Particulars | Note No. | As at | As at |
|--|----------|-----------------|-----------------|
| | | March 31, 2020 | March 31, 2019 |
| i. Assets | | | |
| (1) Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 2,635.88 | 2,577.95 |
| (b) Capital work-in-progress | 3 | 119.86 | 113.64 |
| (c) Investment Property | 4 | 8.56 | 8.56 |
| (d) Other Intangible assets | 4A | 5.46 | 4.56 |
| (e) Right-of-use assets | 34 | 13.73 | - |
| (f) Intangible assets under development | | 1.78 | 3.82 |
| (g) Financial assets | | | |
| (i) Investments | 5 | 9.26 | 11.59 |
| (ii) Loans | 6A | 15.51 | 11.45 |
| (iii) Other non-current financial assets | 6B | 0.26 | 0.24 |
| (h) Other non-current assets | 7 | 67.19 | 24.37 |
| Total Non-Current Assets | | 2,877.57 | 2,756.18 |
| (2) Current assets | | | |
| (a) Inventories | 8 | 790.62 | 768.50 |
| (b) Financial assets | | | |
| (i) Trade receivables | 9 | 274.40 | 290.62 |
| (ii) Cash and cash equivalents | 10A | 91.74 | 12.18 |
| (iii) Bank balances other than cash and cash equivalents | 10B | 23.92 | 23.32 |
| (iv) Loans | 11A | 2.36 | 2.84 |
| (v) Derivative instruments | 11B | - | 2.26 |
| (vi) Other current financial asset | 11C | 22.78 | 18.09 |
| (c) Current tax assets (net) | 12 | 7.59 | - |
| (d) Other current assets | 13 | 46.91 | 81.69 |
| Total Current Assets | | 1,260.32 | 1,199.50 |
| Assets held for sale | 3 | 31.46 | 39.23 |
| Total assets | | 4,169.35 | 3,994.81 |
| ii. Equity and liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 14 | 95.01 | 98.03 |
| (b) Other equity | 15 | 2,053.96 | 1,827.47 |
| Total Equity | | 2,148.97 | 1,925.50 |
| Liabilities | | | |
| (1) Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16A | 806.39 | 702.03 |
| (ii) Lease liabilities | 34 | 13.92 | - |
| (b) Provisions | 17A | 6.27 | 6.15 |
| (c) Deferred tax liabilities (net) | 12 | 253.08 | 253.00 |
| (d) Other non-current liabilities | | 2.38 | - |
| Total Non-Current Liabilities | | 1,082.04 | 961.18 |
| (2) Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 16B | 268.88 | 408.56 |
| (ii) Lease liabilities | 34 | 0.68 | - |
| (iii) Trade payables | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | 18A | 12.92 | 14.83 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 18A | 394.80 | 394.58 |
| (iv) Derivative instruments | 19A | 6.25 | - |
| (v) Other financial liabilities | 19B | 216.78 | 230.97 |
| (b) Provisions | 17B | 12.85 | 15.13 |
| (c) Current tax liabilities (net) | 12 | - | 9.34 |
| (d) Other current liabilities | | | |
| (i) Contract liabilities | 21.2 | 6.11 | 3.66 |
| (ii) Other liabilities | 20 | 19.07 | 31.16 |
| Total Current Liabilities | | 938.34 | 1,108.23 |
| Total equity and liabilities | | 4,169.35 | 3,994.81 |

The accompanying Note are Internal parts of the consolidated 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

per Atul Sekaria

Partner

Membership No. 86370



Place : Gurugram

Date : May 20, 2020

Sanjay Dalmia

Chairman

DIN: 00206992

R. S. Jaian

Managing Director

DIN: 00121260

Place : New Delhi

Date : May 20, 2020

Manoj Vaish

Director

DIN: 00157082

Raman Chopra

CFO & Executive Director-Finance

DIN: 00954190

Bhuvneshwar Mishra

Sr. General Manager & Company Secretary

Membership No. : FCS 5330

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020, (INR in crores)

| Particulars | Note No. | For Year ended March 31, 2020 | For Year ended March 31, 2019 |
|---|----------|-------------------------------|-------------------------------|
| Revenue | | | |
| Revenue from operations | 21 | 3,305.12 | 3,341.32 |
| Other income | 22 | 17.60 | 15.51 |
| Total Income | | 3,322.72 | 3,356.83 |
| Expenses | | | |
| Cost of raw materials consumed | 23 | 1,253.45 | 1,246.46 |
| Purchase of stock in trade | | 182.39 | 249.83 |
| (Increase)/ Decrease in inventories of finished goods, stock-in-trade and work-in-progress | 24 | 19.59 | (83.70) |
| Power, fuel and water expense | | 513.17 | 505.33 |
| Employee benefit expenses | 25 | 189.97 | 201.21 |
| Depreciation and amortization expense | 26 | 131.21 | 116.94 |
| Finance costs | 27 | 119.79 | 127.34 |
| Other expenses | 28 | 418.55 | 462.79 |
| Total expenses | | 2,828.12 | 2,826.20 |
| Profit before exceptional items and tax | | 494.60 | 530.63 |
| Profit before tax | | 494.60 | 530.63 |
| Tax expense: | | | |
| Current tax | | 143.39 | 153.81 |
| Less: Tax adjustment for Earlier years (Refer Note 12) | 12 | (2.48) | 0.84 |
| Deferred tax | | (42.93) | 25.40 |
| Total tax expense | | 97.98 | 180.05 |
| Profit for the year | | 396.62 | 350.58 |
| Other comprehensive income | | | |
| Items that will not be reclassified to profit or loss in subsequent periods | | | |
| Re-measurement Gain/(Loss) on defined benefit plans | | (2.80) | 0.63 |
| Income tax effect | | 0.71 | (0.22) |
| Re-measurement Gain/(Loss) on investment in equity | | (3.44) | 1.23 |
| Exchange differences on translation of foreign operations | | (0.26) | (4.88) |
| Income tax effect | | - | - |
| Net other comprehensive Gain/(Loss) not to be reclassified to profit or loss in subsequent periods | 29 | (5.79) | (3.24) |
| Total Comprehensive income for the period | | 390.83 | 347.34 |
| Profit attributable to : | | | |
| Owners of the Company | | 396.62 | 350.58 |
| Non-controlling interest | | - | - |
| Total comprehensive income attributable to : | | | |
| Owners of the Company | | 390.83 | 347.34 |
| Non controlling interest | | - | - |
| Earnings per equity share nominal value of shares INR 10 (Previous year INR 10 each) | 30 | | |
| Basic (INR) | | 40.50 | 35.81 |
| Diluted (INR) | | 40.50 | 35.50 |

The accompanying Note are Internal parts of the consolidated 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

Atul Sekaria
per Atul Sekaria
Partner

Membership No. 86370



Place : Gurugram

Date: May 20, 2020

Sanjay Daimia
Sanjay Daimia

Chairman

DIN: 00206992

R. S. Jalen
R. S. Jalen

Managing Director

DIN: 00121260

Place : New Delhi

Date: May 20, 2020

Manoj Vaish
Manoj Vaish

Director

DIN: 00157082

Raman Chopra
Raman Chopra

CFO & Executive Director-Finance

DIN: 00954190

Bhuvneshwar Mishra
Bhuvneshwar Mishra

Sr. General Manager & Company Secretary

Membership No.: FCS 5330

Consolidated Statement of Cash Flows

for the year ended March 31, 2020, (INR in crores)

| Particulars | For Year ended March 31, 2020 | For Year ended March 31, 2019 |
|---|----------------------------------|----------------------------------|
| Operating activities | | |
| Profit before tax | 494.60 | 530.63 |
| Adjustments for: | | |
| Depreciation/amortisation | 131.21 | 116.94 |
| Loss/(Gain) on sale of investments | (0.88) | (0.72) |
| Loss/(Gain) on sale of fixed assets | 1.48 | (0.41) |
| Interest income | (0.64) | (1.19) |
| Finance cost | 119.79 | 126.02 |
| Income from dividend | (0.08) | (0.05) |
| Employees share based payments | (7.19) | 19.90 |
| Unrealised Exchange Loss/(Gain) | 19.99 | (12.24) |
| Operating profit/(loss) before working capital changes | 758.28 | 778.88 |
| Changes in working capital | | |
| Adjustments for (Increase)/decrease in assets: | | |
| Trade receivables | 11.49 | (57.41) |
| Inventories | (22.12) | (131.80) |
| Derivative instruments | (8.51) | 2.91 |
| Other current financial assets | (4.21) | 0.31 |
| Other current assets | 31.98 | (19.58) |
| Non-current financial assets | (4.08) | 0.15 |
| Other non-current assets | 2.21 | (0.32) |
| Adjustments for (Increase)/decrease in liabilities: | | |
| Other non-current financial liabilities | (2.39) | - |
| Contract liabilities | (2.45) | (1.42) |
| Trade payables | (9.99) | 1.07 |
| Other current financial liabilities | (20.23) | 51.77 |
| Other current liabilities | 12.09 | (1.62) |
| Provisions | (2.16) | (0.13) |
| Cash generated from operations | 739.91 | 622.81 |
| Direct taxes paid (net) | (115.54) | (92.66) |
| Net cash generated from operating activities | 624.37 | 530.15 |
| Cash flow from investing activities | | |
| Payment for Property, plant and equipment | (215.72) | (282.83) |
| Proceeds from sale of Property, plant and equipment | 9.73 | 9.77 |
| Sales/ (Purchase) of Investment (Net) | (0.23) | 0.64 |
| Interest received | 0.64 | 1.19 |
| Dividend received | 0.08 | 0.05 |
| Net cash used in investing activities | (205.50) | (271.18) |



Consolidated Statement of Cash Flows

for the year ended March 31, 2020, (INR in crores)

| Particulars | For Year ended March 31, 2020 | For Year ended March 31, 2019 |
|---|----------------------------------|----------------------------------|
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including premium) | 2.74 | 6.19 |
| Buyback of equity share capital | (69.46) | - |
| Dividend paid | (76.26) | (48.75) |
| Dividend distribution tax paid | (10.08) | (10.01) |
| Proceeds from long-term borrowings | 252.73 | 137.13 |
| Repayment of long-term borrowings | (174.91) | (201.55) |
| Proceeds from short-term borrowings | (139.68) | 0.36 |
| Payment of principal portion of lease liabilities | (2.06) | - |
| Unpaid dividend account (Net) | (1.26) | (0.33) |
| Bank deposit in escrow account and Margin Money | 0.66 | (7.76) |
| Interest paid | (121.73) | (133.65) |
| Net cash generated from financing activities | (339.31) | (258.37) |
| Net (decrease) / increase in cash and cash equivalents | 79.56 | 0.60 |
| Cash and cash equivalents at the beginning of the year | 12.18 | 11.58 |
| Cash and cash equivalents at the end of the year | 91.74 | 12.18 |
| Components of cash and cash equivalents | | |
| Cash on hand | 0.27 | 0.21 |
| Balances with banks: | | |
| - On current accounts | 91.47 | 11.97 |
| Total cash and cash equivalents (Refer Note 10A) | 91.74 | 12.18 |

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 Note are Internal parts of the consolidated financial statements.

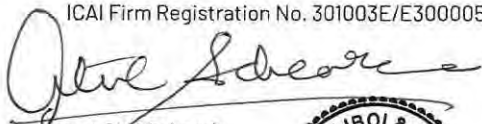
As per report of even date

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



per Atul Seksaria

Partner

Membership No. 86370



Place : Gurugram

Date: May 20, 2020

Sanjay Dalmia

Chairman

DIN: 00206992



R. S. Jalan

Managing Director

DIN: 00121260

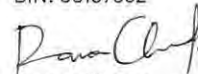
Place : New Delhi

Date: May 20, 2020

Manoj Vaish

Director

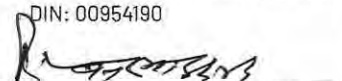
DIN: 00157082



Raman Chopra

CFO & Executive Director-Finance

DIN: 00954190



Bhuvneshwar Mishra

Sr. General Manager & Company Secretary

Membership No.: FCS 5330

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020, (INR in crores)

A. Equity Share Capital

Equity Shares of INR 10 each issued, subscribed and fully paid up

| Particulars | Number of shares | Amount |
|---|--------------------|--------------|
| Balance as at April 1, 2018 | 9,74,23,286 | 97.42 |
| Changes in share capital- Shares issued under ESOS scheme during the year (Refer Note 14 on ESOS) | 6,05,000 | 0.61 |
| Balance as at March 31, 2019 | 9,80,28,286 | 98.03 |
| Changes in share capital- Shares issued under ESOS scheme during the year (Refer Note 14 on ESOS) | 1,85,000 | 0.18 |
| Changes in share capital- Buyback during the year (Refer Note 14 on Buyback) | (32,00,000) | (3.20) |
| Balance as at March 31, 2020 | 9,50,13,286 | 95.01 |

B. Other Equity

| Particulars | Reserves and Surplus | | | | | | | FVTOCI Reserve (H) | Foreign currency translation reserve (I) | Total |
|---|----------------------|----------------------------------|--------------------------------|------------------------|-----------------------|---------------------------------|---------------------|--------------------|--|-----------------|
| | Capital reserve (A) | Business development reserve (B) | Capital redemption reserve (C) | Securities premium (D) | Retained earnings (E) | Share based payment reserve (F) | General reserve (G) | | | |
| Balance as at April 1, 2018 | 7.57 | 73.89 | 13.16 | 9.06 | 1,357.03 | 5.24 | 37.13 | 8.55 | 1.80 | 1,513.43 |
| Reserve created on account of ESOS issued during the year | - | - | - | 10.68 | - | - | - | - | - | 10.68 |
| Profit for the year | - | - | - | - | 350.58 | - | - | - | - | 350.58 |
| Employee stock option scheme | - | - | - | - | - | 14.80 | - | - | - | 14.80 |
| Dividend paid | - | - | - | - | (48.76) | - | - | - | - | (48.76) |
| Dividend distribution tax | - | - | - | - | (10.01) | - | - | - | - | (10.01) |
| Other comprehensive income | - | - | - | - | 0.41 | - | - | 1.23 | (4.88) | (3.24) |
| Balance as at March 31, 2019 | 7.57 | 73.89 | 13.16 | 19.74 | 1,649.25 | 20.04 | 37.13 | 9.78 | (3.08) | 1,827.47 |
| Reserve created on account of ESOS issued during the year | - | - | - | 5.54 | - | - | - | - | - | 5.54 |
| Reserve created on account of buy back during the year | - | - | 3.20 | - | - | - | (3.20) | - | - | - |
| Reserve Utilised on account of buy back during the year | - | - | - | (25.28) | - | - | (28.48) | - | - | (53.76) |
| Profit for the year | - | - | - | - | 396.61 | - | - | - | - | 396.61 |
| Employee stock option scheme | - | - | - | - | - | (10.17) | - | - | - | (10.17) |
| Dividend paid | - | - | - | - | (77.52) | - | - | - | - | (77.52) |
| Dividend distribution tax | - | - | - | - | (15.93) | - | - | - | - | (15.93) |
| Tax paid on Buy Back | - | - | - | - | (12.49) | - | - | - | - | (12.49) |
| Other comprehensive income | - | - | - | - | (2.09) | - | - | (3.44) | (0.26) | (5.79) |
| Balance as at March 31, 2020 | 7.57 | 73.89 | 16.36 | - | 1,937.83 | 9.87 | 5.45 | 6.34 | (3.34) | 2,053.96 |

The accompanying Ncte are Internal parts of the consolidated financial statements.

As per report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

per Atul Sekaria
Partner

Membership No. 86370

Place : Gurugram
Date : May 20, 2020

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

Sanjay Dalmia

Chairman

DIN: 00206992

R. S. Jalan

Managing Director

DIN: 00121260

Place : New Delhi
Date : May 20, 2020

Manoj Vaish

Director

DIN: 00157082

Raman Chopra

CFO & Executive Director-Finance

DIN: 00954190

Bhawneshwar Misra

Sr. General Manager & Company Secretary

Membership No.: FCS 5330

S.R. BATLIBOI & Co. LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122002, Haryana, India
Tel: +91 124 681 6000

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
GHCL Limited**

1. We have reviewed the accompanying statement of unaudited Standalone financial results of GHCL Limited (the "Company") for the quarter ended December 31, 2020 and year to date from April 01, 2020 to December 31, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

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per Atul Seksaria

Partner

Membership No.: 086370

UDIN: 21086370AAAAAE6256

Place: Gurugram

Date: January 28, 2021

GHCL Limited (CIN : L24100GJ1983PLC006513)

Registered Office: GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380 009, Gujarat

(Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in, Website: www.ghcl.co.in, Phone: 079- 39324100, Fax: 079-26423623)

| Statement of Unaudited Standalone Financial Results for the Quarter and Nine Months ended December 31, 2020 | | | | | | | Rs. In Crores |
|---|--|------------------|---------------|---------------|-------------------|-----------------|-----------------|
| S. No. | Particulars | Quarter Ended | | | Nine Months ended | | Year Ended |
| | | 31.12.2020 | 30.09.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 | 31.03.2020 |
| | | Un-audited | | | Un-audited | | Audited |
| 1 | Income | | | | | | |
| | (a) Revenue from Operations | 803.18 | 770.04 | 834.62 | 2,009.27 | 2,532.41 | 3,256.01 |
| | (b) Other Income | 5.63 | 9.45 | 8.54 | 19.16 | 15.88 | 16.43 |
| | Total Income | 808.81 | 779.49 | 843.16 | 2,028.43 | 2,548.29 | 3,272.44 |
| 2 | Expenses: | | | | | | |
| | a) Cost of Material consumed | 335.11 | 305.33 | 333.22 | 786.98 | 976.15 | 1,253.45 |
| | b) Purchase of Stock-in-trade | 71.05 | 46.10 | 56.67 | 150.16 | 124.50 | 182.39 |
| | c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (70.30) | 15.19 | (5.75) | (37.12) | (21.57) | (14.02) |
| | d) Power, fuel and water expense | 124.48 | 117.63 | 132.48 | 307.17 | 412.63 | 513.17 |
| | e) Employee benefits expense | 43.85 | 41.86 | 44.52 | 124.94 | 151.28 | 188.36 |
| | f) Depreciation and amortisation expense | 34.40 | 32.86 | 32.33 | 100.15 | 95.79 | 130.51 |
| | g) Finance Cost | 19.95 | 23.40 | 25.63 | 71.58 | 84.73 | 118.18 |
| | h) Other Expenses | 100.35 | 91.13 | 95.57 | 245.59 | 293.85 | 385.93 |
| | Total Expenses | 658.89 | 673.50 | 714.67 | 1,749.45 | 2,117.36 | 2,757.97 |
| 3 | Profit before tax and Exceptional Items (1-2) | 149.92 | 105.99 | 128.49 | 278.98 | 430.93 | 514.47 |
| 4 | Exceptional Items | - | - | 9.57 | - | 9.57 | 10.00 |
| 5 | Profit before tax (3-4) | 149.92 | 105.99 | 118.92 | 278.98 | 421.36 | 504.47 |
| 6 | Tax expenses | | | | | | |
| | (a) Current tax | 38.15 | 26.66 | 32.38 | 70.75 | 120.74 | 143.38 |
| | (b) Tax adjustment for earlier years | - | - | - | - | 3.10 | (2.48) |
| | (c) Deferred tax | 1.19 | 1.08 | (14.54) | 2.44 | (29.09) | (42.93) |
| | Total tax expenses | 39.34 | 27.74 | 17.84 | 73.19 | 94.75 | 97.97 |
| 7 | Net Profit after tax (5-6) | 110.58 | 78.25 | 101.08 | 205.79 | 326.61 | 406.50 |
| | Other Comprehensive Income | | | | | | |
| 8 | Other Comprehensive Income for the period net of tax- not to be reclassified subsequently to profit & loss | 3.84 | (0.12) | 0.42 | 5.26 | 0.38 | (5.53) |
| 9 | Total Comprehensive Income for the period comprising profit for the period after tax and other Comprehensive Income (7+8) | 114.42 | 78.13 | 101.50 | 211.05 | 326.99 | 400.97 |
| 10 | Other Equity excluding Revaluation Reserve as per the audited balance sheet | | | | | | 2,090.55 |
| 11 | Paid Up Equity Share Capital (face value of Rs.10/- each) | 95.01 | 95.01 | 98.21 | 95.01 | 98.21 | 95.01 |
| 12 | Earnings per Share (face value of Rs.10/- each) | (Not Annualised) | | | (Not Annualised) | | |
| | (a) Basic | 11.64 | 8.23 | 10.30 | 21.66 | 33.28 | 41.51 |
| | (b) Diluted | 11.61 | 8.23 | 10.26 | 21.61 | 33.17 | 41.51 |

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GHCL Limited (CIN : L24100GJ1983PLC006513)

Registered Office: GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380 009, Gujarat

(Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in, Website: www.ghcl.co.in, Phone: 079- 39324100, Fax: 079-26423623)

Statement of Standalone Segment Information for the Quarter and Nine Months ended December 31, 2020

Rs. In Crore

| S. No. | Particulars | Quarter Ended | | | Nine Months ended | | Year Ended |
|----------|--|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|
| | | 31.12.2020 | 30.09.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 | 31.03.2020 |
| | | Un-audited | | | Un-audited | | Audited |
| 1 | Segment Revenue | | | | | | |
| 1.a | Inorganic Chemicals | 527.39 | 479.90 | 545.19 | 1,352.31 | 1,673.76 | 2,188.11 |
| 1.b | Home Textiles | 275.79 | 290.14 | 289.43 | 656.96 | 858.65 | 1,067.90 |
| 1.c | Un-allocated | - | - | - | - | - | - |
| | Total Revenue | 803.18 | 770.04 | 834.62 | 2,009.27 | 2,532.41 | 3,256.01 |
| 2 | Segment Results | | | | | | |
| | Operating Profit before Finance cost & Tax | | | | | | |
| 2.a | Inorganic Chemicals | 132.13 | 105.16 | 141.57 | 302.42 | 482.97 | 629.40 |
| 2.b | Home Textiles | 43.18 | 30.73 | 16.87 | 65.50 | 50.70 | 25.83 |
| 2.c | Un-allocated | - | - | - | - | - | - |
| | Total Segment Results | 175.31 | 135.89 | 158.44 | 367.92 | 533.67 | 655.23 |
| 2.d | Finance Cost | 19.95 | 23.40 | 25.63 | 71.58 | 84.73 | 118.18 |
| 2.e | Un-allocated Expenditure | 5.44 | 6.50 | 4.32 | 17.36 | 18.01 | 22.58 |
| | Profit Before Tax and Exceptional Items | 149.92 | 105.99 | 128.49 | 278.98 | 430.93 | 514.47 |
| | Exceptional Items | - | - | 9.57 | - | 9.57 | 10.00 |
| | Profit Before Tax | 149.92 | 105.99 | 118.92 | 278.98 | 421.36 | 504.47 |
| 3 | Segment Assets | | | | | | |
| 3.a | Inorganic Chemicals | 2,346.15 | 2,361.38 | 2,374.66 | 2,346.15 | 2,374.66 | 2,523.41 |
| 3.b | Home Textiles | 1,498.98 | 1,531.37 | 1,648.08 | 1,498.98 | 1,648.08 | 1,613.13 |
| 3.c | Un-allocated | 73.44 | 96.32 | 78.78 | 73.44 | 78.78 | 64.42 |
| | Total Segment Assets | 3,918.57 | 3,989.07 | 4,101.52 | 3,918.57 | 4,101.52 | 4,200.96 |
| 4 | Segment Liabilities | | | | | | |
| 4.a | Inorganic Chemicals | 806.13 | 902.02 | 931.37 | 806.13 | 931.37 | 1,134.92 |
| 4.b | Home Textiles | 460.51 | 550.70 | 677.86 | 460.51 | 677.86 | 626.53 |
| 4.c | Un-allocated | 255.35 | 254.16 | 268.51 | 255.35 | 268.51 | 253.95 |
| | Total Segment Liabilities | 1,521.99 | 1,706.88 | 1,877.74 | 1,521.99 | 1,877.74 | 2,015.40 |

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Notes to the Statement of Standalone Financial Results for the quarter and nine months ended December 31, 2020

1. The above standalone financial results have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. These results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on January 28, 2021. The Statutory Auditors have carried out a limited review of the unaudited Standalone financial results of the Company for the quarter and nine months ended December 31, 2020, in accordance with Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The statutory auditors have expressed an unmodified review opinion on these results.

2. During the current quarter 85,000 equity shares options lapsed under the employee stock option scheme GHCL ESOS 2015.

3. The Company has considered the possible effects that may result from COVID-19 in the preparation of these Standalone financial results including the recoverability of carrying amounts of financial and non-financial assets. Based on the current quarter performance and estimates arrived at using internal and external sources of information, the company does not expect any material impact on such carrying values. The impact of COVID-19 on the company's financial statement may differ from that estimated as at the date of approval of Standalone Financial Results and it will continue to closely monitor any material changes to future economic conditions.

4. The Board of Directors of the Company at their meeting held on March 16, 2020 approved a Scheme of Arrangement u/s 230-232 of the Companies Act 2013. The Company had filed the first motion application on 22nd Dec 2020 with NCLT Ahmedabad (Gujarat). Hon'ble NCLT has pronounced the order on 22nd Jan 2021, and directed to convene shareholder, secured creditors and unsecured creditors meeting on 8th April 2021.

5. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company is in the process of assessing the impact of the code and will record the same, if any, in the period the Code becomes effective.

6. The Taxation Laws (Amendment) Act, 2019 (Act) dated December 12, 2019, the Company had adopted the lower tax rate as permitted under Section 115BAA of the Income-Tax Act, 1961 with effect from current financial year. Therefore, the income tax expense for the periods are strictly not comparable.

7. In line with the requirements of Regulation 47(2) of the Listing Regulations, 2015, the results are available on the website of BSE Limited (URL: www.bseindia.com/corporates), the National Stock Exchange of India Limited (URL: www.nseindia.com/corporates) and on the company's website (URL: <http://ghcl.co.in/investors/performances-reports/>).

For and on behalf of Board of Directors of GHCL Limited

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New Delhi
January 28, 2021

R. S. Jalan
Managing Director

Raman Chopra
CFO & Executive Director (Finance)

Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
GHCL Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of GHCL Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the quarter ended December 31, 2020 and year to date from April 01, 2020 to December 31, 2020 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:
 - a) GHCL Textiles Limited (India)
 - b) Grace Home Fashions LLC (United States of America)
 - c) Dan River Properties LLC (United States of America)
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review report of other auditor referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing

S.R. BATLIBOI & CO. LLP

Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. The accompanying Statement includes the unaudited interim financial results and other financial information, in respect of one subsidiary, whose unaudited interim financial results include total assets of Rs. 56.27 crore as at December 31, 2020, total revenues of Rs 24.49 crore and Rs 92.48 crore, total net (loss) after tax of Rs. (0.04) crore and Rs. (5.51) crore, total comprehensive income of Rs. 0.58 crore and total comprehensive loss of Rs. (3.47) crore, for the quarter ended December 31, 2020 and the period ended on that date respectively, as considered in the Statement which have been reviewed by their respective independent auditor.

The independent auditor's report on interim financial results of this entity has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of this subsidiary is based solely on the report of such auditor and procedures performed by us as stated in paragraph 3 above.

7. The accompanying Statement includes unaudited interim financial results and other unaudited financial information in respect of two subsidiaries, whose interim financial results and other financial information reflect total assets of Rs 8.57 crore as at December 31, 2020, and total revenues of Nil and Rs 0.41 crore, total net (loss) after tax of Rs. (0.40) crore and Rs. (0.16) crore, total comprehensive loss of Rs. (0.27) crore and Rs. (0.08) crore, for the quarter ended December 31, 2020 and the period ended on that date respectively.

The unaudited interim financial results and other unaudited financial information of the these subsidiaries have not been reviewed by any auditor and have been approved and furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the affairs of these subsidiaries, is based solely on such unaudited interim financial results and other unaudited financial information. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.

Our conclusion on the Statement in respect of matters stated in para 6 and 7 above is not modified with respect to our reliance on the work done and the reports of the other auditor and the financial results certified by the Management.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

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per Atul Seksaria

Partner

Membership No.: 086370

UDIN: 21086370AAAAAF4747

Place: Gurugram

Date: January 28, 2021

GHCL Limited (CIN : L24100GJ1983PLC006513)

Registered Office: GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380 009, Gujarat
(Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in, Website: www.ghcl.co.in, Phone: 079-39324100, Fax: 079-26423623)

| Statement of unaudited Consolidated Financial Results for the Quarter and Nine Months ended December 31, 2020 | | (Rs. in Crore) | | | | | |
|---|--|----------------|---------------|---------------|------------------|-----------------|-----------------|
| S. No. | Particulars | Quarter Ended | | | Nine Month ended | | Year Ended |
| | | 31.12.2020 | 30.09.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 | 31.03.2020 |
| | | Un-audited | | | Un-audited | | Audited |
| 1 | Income | | | | | | |
| | (a) Revenue from Operations | 815.14 | 806.51 | 840.34 | 2,073.77 | 2,564.62 | 3,305.12 |
| | (b) Other Income | 5.63 | 9.55 | 8.74 | 19.57 | 16.76 | 17.60 |
| | Total Income | 820.77 | 816.06 | 849.08 | 2,093.34 | 2,581.38 | 3,322.72 |
| 2 | Expenses: | | | | | | |
| | a) Cost of Material consumed | 335.11 | 305.33 | 333.22 | 786.98 | 976.15 | 1,253.45 |
| | b) Purchase of Stock-in-trade | 71.05 | 46.10 | 56.67 | 150.16 | 124.50 | 182.39 |
| | c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (68.67) | 40.77 | (4.87) | 3.53 | 2.99 | 19.59 |
| | d) Power, fuel and water expense | 124.48 | 117.63 | 132.48 | 307.17 | 412.63 | 513.17 |
| | e) Employee benefits expense | 43.73 | 41.95 | 45.56 | 126.96 | 152.80 | 189.97 |
| | f) Depreciation and amortisation expense | 34.46 | 32.92 | 32.51 | 100.32 | 96.31 | 131.21 |
| | g) Finance Cost | 20.12 | 23.75 | 26.02 | 72.33 | 85.99 | 119.79 |
| | h) Other Expenses | 103.58 | 95.39 | 103.17 | 257.70 | 313.93 | 418.55 |
| | Total Expenses | 663.86 | 703.84 | 724.76 | 1,805.15 | 2,165.30 | 2,828.12 |
| 3 | Profit before tax and Exceptional Items (1-2) | 156.91 | 112.22 | 124.32 | 288.19 | 416.08 | 494.60 |
| 4 | Exceptional Items | - | - | 9.57 | - | 9.57 | - |
| 5 | Profit before tax (3-4) | 156.91 | 112.22 | 114.75 | 288.19 | 406.51 | 494.60 |
| 6 | Tax expenses | | | | | | |
| | (a) Current tax | 38.15 | 26.68 | 32.38 | 70.77 | 120.74 | 143.39 |
| | (b) Tax adjustment for earlier years | - | - | - | - | 3.10 | (2.48) |
| | (c) Deferred tax | 1.19 | 1.08 | (14.54) | 2.44 | (29.09) | (42.93) |
| | Total tax expenses | 39.34 | 27.76 | 17.84 | 73.21 | 94.75 | 97.98 |
| 7 | Net Profit after tax (5-6) | 117.57 | 84.46 | 96.91 | 214.98 | 311.76 | 396.62 |
| | Other Comprehensive Income | | | | | | |
| 8 | Other Comprehensive Income for the period net of tax- not to be reclassified subsequently to profit & loss | 3.15 | 1.51 | 0.26 | 8.19 | (0.89) | (5.79) |
| 9 | Total Comprehensive Income for the period comprising profit for the period after tax and other Comprehensive income (7+8) | 120.72 | 85.97 | 97.17 | 223.17 | 310.87 | 390.83 |
| 10 | Profit attributable to : | | | | | | |
| | Owners of the Company | 117.57 | 84.46 | 96.91 | 214.98 | 311.76 | 396.62 |
| | Non-controlling interest | - | - | - | - | - | - |
| 11 | Total comprehensive Income attributable to : | | | | | | |
| | Owners of the Company | 120.72 | 85.97 | 97.17 | 223.17 | 310.87 | 390.83 |
| | Non controlling interest | - | - | - | - | - | - |
| 12 | Other Equity excluding Revaluation Reserve as per the audited balance sheet | | | | | | 2,053.96 |
| 13 | Paid Up Equity Share Capital (face value of Rs.10/- each) | 95.01 | 95.01 | 98.21 | 95.01 | 98.21 | 95.01 |
| 14 | Earnings per Share (face value of Rs.10/- each) | | | | | | |
| | (a) Basic | 12.37 | 8.89 | 9.87 | 22.63 | 31.78 | 40.50 |
| | (b) Diluted | 12.35 | 8.89 | 9.84 | 22.58 | 31.57 | 40.50 |

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GHCL Limited (CIN : L24100GJ1983PLC006513)

Registered Office: GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380 009, Gujarat

(Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in, Website: www.ghcl.co.in, Phone: 079- 39324100, Fax: 079-26423623)

| Statement of Consolidated Segment Information for the Quarter and Nine Months ended December 31, 2020 | | | | | | | (Rs. In Crore) |
|---|--|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|
| S. No. | Particulars | Quarter Ended | | | Nine Month ended | | |
| | | 31.12.2020 | 30.09.2020 | 31.12.2019 | 31.12.2020 | 31.12.2019 | 31.03.2020 |
| | | Un-audited | | | Un-audited | | Audited |
| 1 | Segment Revenue | | | | | | |
| 1.a | Inorganic Chemicals | 527.39 | 479.90 | 545.19 | 1,352.31 | 1,673.76 | 2,188.11 |
| 1.b | Home Textiles | 287.75 | 326.61 | 295.15 | 721.46 | 890.86 | 1,117.01 |
| 1.c | Un-allocated | - | - | - | - | - | - |
| | Total Revenue | 815.14 | 806.51 | 840.34 | 2,073.77 | 2,564.62 | 3,305.12 |
| 2 | Segment Results | | | | | | |
| | Operating Profit before Finance cost & Tax | | | | | | |
| 2.a | Inorganic Chemicals | 132.13 | 105.16 | 141.57 | 302.42 | 482.97 | 629.40 |
| 2.b | Home Textiles | 50.72 | 37.28 | 13.26 | 75.61 | 36.77 | 7.22 |
| 2.c | Un-allocated | (0.39) | 0.03 | (0.17) | (0.15) | 0.34 | 0.35 |
| | Total Segment Results | 182.47 | 142.47 | 154.66 | 377.88 | 520.08 | 636.97 |
| 2.d | Finance Cost | 20.12 | 23.75 | 26.02 | 72.33 | 85.99 | 119.79 |
| 2.e | Un-allocated Expenditure | 5.44 | 6.50 | 4.32 | 17.36 | 18.01 | 22.58 |
| | Profit Before Tax and Exceptional Items | 156.91 | 112.22 | 124.32 | 288.19 | 416.08 | 494.60 |
| | Exceptional Items | - | - | 9.57 | - | 9.57 | - |
| | Profit Before Tax | 156.91 | 112.22 | 114.75 | 288.19 | 406.51 | 494.60 |
| 3 | Segment Assets | | | | | | |
| 3.a | Inorganic Chemicals | 2,346.15 | 2,361.38 | 2,374.66 | 2,346.15 | 2,374.66 | 2,523.41 |
| 3.b | Home Textiles | 1,500.92 | 1,524.82 | 1,621.73 | 1,500.92 | 1,621.73 | 1,597.78 |
| 3.c | Un-allocated | 57.02 | 80.30 | 87.39 | 57.02 | 87.39 | 48.16 |
| | Total Segment Assets | 3,904.09 | 3,966.50 | 4,083.78 | 3,904.09 | 4,083.78 | 4,169.35 |
| 4 | Segment Liabilities | | | | | | |
| 4.a | Inorganic Chemicals | 806.13 | 902.02 | 931.37 | 806.13 | 931.37 | 1,134.92 |
| 4.b | Home Textiles | 469.25 | 558.90 | 703.13 | 469.25 | 703.13 | 631.51 |
| 4.c | Un-allocated | 255.35 | 254.16 | 268.51 | 255.35 | 268.51 | 253.95 |
| | Total Segment Liabilities | 1,530.73 | 1,715.08 | 1,903.01 | 1,530.73 | 1,903.01 | 2,020.38 |

Notes to the Statement of Consolidated Financial Results for the Quarter and Nine Months ended December 31, 2020

1. The above consolidated financial results have been prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. The above consolidated financial results were reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on December 31, 2020. The Statutory Auditors have carried out a limited review of the unaudited consolidated financial results of the Company for the quarter and nine months ended December 31, 2020, in accordance with Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The statutory auditors have expressed an unmodified review opinion on these results.

2. During the current quarter 85,000 equity shares options lapsed under the employee stock option scheme GHCL ESOS 2015.

3. The Company has considered the possible effects that may result from COVID-19 in the preparation of these Consolidated financial results including the recoverability of carrying amounts of financial and non-financial assets. Based on the current quarter performance and estimates arrived at using internal and external sources of information, the company does not expect any material impact on such carrying values. The impact of COVID-19 on the company's financial statement may differ from that estimated as at the date of approval of Consolidated Financial Results and it will continue to closely monitor any material changes to future economic conditions.

4. The Board of Directors of the Company at their meeting held on March 16, 2020 approved a Scheme of Arrangement u/s 230-232 of the Companies Act 2013. The Company had filed the first motion application on 22nd Dec 2020 with NCLT Ahmedabad (Gujarat). Hon'ble NCLT has pronounced the order on 22nd Jan 2021, and directed to convene shareholder, secured creditors and unsecured creditors meeting on 8th April 2021.

5. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company is in the process of assessing the impact of the code and will record the same, if any, in the period the Code becomes effective.

6. The Taxation Laws (Amendment) Act, 2019 (Act) dated December 12, 2019, the Company had adopted the lower tax rate as permitted under Section 115BAA of the Income-Tax Act, 1961 with effect from current financial year. Therefore, the income tax expense for the periods are strictly not comparable.

7. The consolidated financial results include the financial results of the Company and its three subsidiaries "Grace Home Fashions LLC", "Dan River Properties LLC" and "GHCL Textiles Limited".

8. In line with the requirements of Regulation 47(2) of the Listing Regulations, 2015, the results are available on the website of BSE Limited (URL: www.bseindia.com/corporates), the National Stock Exchange of India Limited (URL: www.nseindia.com/corporates) and on the company's website (URL: <http://ghcl.co.in/investors/performance-reports/>).

For and on behalf of Board of Directors of GHCL Limited

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Date: 2021.01.28
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JALAN
R. S. Jalan
Managing Director

RAMAN
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by RAMAN
CHOPRA
Date:
A Ran
CFO & Executive Director (Finance)

New Delhi
January 28, 2021

S.R. BATLIBOI & Co. LLP

Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122002, Haryana, India
Tel: +91 124 681 6000

Independent Auditor's Report on the Quarterly and Year to Date Audited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
**The Board of Directors of
GHCL Limited**

Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date standalone financial results of GHCL Limited (the "Company") for the quarter ended March 31, 2020 and for the year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard;
and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive loss and other financial information of the Company for the quarter ended March 31, 2020 and for the year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the standalone Financial Results" 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 obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 3 of the accompanying standalone financial results, which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the operations of the Company. Our opinion is not modified in respect of this matter.

S.R. Batliboi & Co. LLP, a Limited Liability Partnership with LLP identity No. AAB-4294
Regd. Office: 22, Camac Street, Block- "B", 3rd Floor, Kolkata - 700016



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Management's Responsibilities for the standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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



S.R. BATLIBOI & Co. LLP

Chartered Accountants

in our auditor's report to the related disclosures in the financial results 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 Statement, including the disclosures, and whether the Statement represents 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.

Other Matter

The Statement includes the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**ATUL
SEKSARIA**

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email=seksaria96@gmail.com
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per Atul Seksaria

Partner

Membership No.: 086370

UDIN: 20086370AAAABC4155

Place of Signature: Gurugram

Date: May 20, 2020



GHCL Limited (CIN : L24100GJ1983PLC006513)

Registered Office: GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380 009, Gujarat
(Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in, Website: www.ghcl.co.in, Phone: 079- 39324100, Fax: 079-26423623)

| S. No. | Particulars | Rs. In Crore | | | |
|----------|--|--------------------------|-----------------|--------------------------|-----------------|
| | | Quarter Ended | | Year Ended | |
| | | 31.03.2020 | 31.12.2019 | 31.03.2019 | 31.03.2020 |
| | | Audited (refer note 10) | Un-audited | Audited (refer note 10) | Audited |
| 1 | Segment Revenue | | | | |
| 1.a | Inorganic Chemicals | 514.35 | 545.19 | 604.82 | 2,188.11 |
| 1.b | Home Textiles | 218.82 | 289.43 | 306.45 | 1,067.90 |
| 1.c | Un-allocated | - | - | - | - |
| | Total Revenue | 733.17 | 834.62 | 911.27 | 3,256.01 |
| 2 | Segment Results | | | | |
| | Operating Profit before Finance cost & Tax | | | | |
| 2.a | Inorganic Chemicals | 146.43 | 141.57 | 207.74 | 629.40 |
| 2.b | Home Textiles | (15.29) | 16.87 | 18.28 | 25.83 |
| 2.c | Un-allocated | - | - | - | - |
| | Total Segment Results | 131.14 | 158.44 | 226.02 | 686.81 |
| 2.d | Finance Cost | 33.45 | 25.63 | 30.54 | 118.18 |
| 2.e | Un-allocated Expenditure | 4.58 | 4.32 | 14.65 | 22.58 |
| | Profit Before Tax and Exceptional Items | 93.11 | 128.49 | 180.83 | 514.47 |
| | Exceptional Items ((refer note 3 & 9) | 10.00 | 9.57 | - | 10.00 |
| | Profit Before Tax | 83.11 | 118.92 | 180.83 | 504.47 |
| 3 | Segment Assets | | | | |
| 3.a | Inorganic Chemicals | 2,523.41 | 2,374.66 | 2,221.24 | 2,523.41 |
| 3.b | Home Textiles | 1,613.13 | 1,648.08 | 1,704.13 | 1,613.13 |
| 3.c | Un-allocated | 64.42 | 78.78 | 78.23 | 64.42 |
| | Total Segment Assets | 4,200.96 | 4,101.52 | 4,003.60 | 4,200.96 |
| 4 | Segment Liabilities | | | | |
| 4.a | Inorganic Chemicals | 1,134.92 | 931.37 | 880.41 | 1,134.92 |
| 4.b | Home Textiles | 626.53 | 677.86 | 908.02 | 626.53 |
| 4.c | Un-allocated | 253.95 | 268.51 | 263.22 | 253.95 |
| | Total Segment Liabilities | 2,015.40 | 1,877.74 | 2,051.65 | 2,015.40 |



| GHCL Limited (CIN : L24100GJ1983PLC006513) | | | |
|--|--|-------------------------|-----------------|
| Statement of Assets & Liabilities | | | |
| Particulars | | Standalone (Rs. In Cr) | |
| | | As at | As at |
| | | 31.03.2020 | 31.03.2019 |
| | | Audited | Audited |
| I | Assets | | |
| | Non-current assets | | |
| a | Property, plant and equipment | 2,635.40 | 2,576.92 |
| b | Capital work-in-progress | 119.96 | 113.64 |
| c | Other Intangible assets | 5.46 | 4.56 |
| d | Right-of-use assets | 13.73 | - |
| e | Intangible assets under development | 1.76 | 3.82 |
| f | Financial assets | | |
| | (i) Investments | 34.23 | 46.56 |
| | (ii) Loans | 15.51 | 11.45 |
| | (iii) Other non-current financial assets | - | - |
| g | Other-non current assets | 67.19 | 24.37 |
| | Total Non-Current Assets | 2,893.24 | 2,781.32 |
| | Current assets | | |
| a | Inventories | 724.27 | 668.26 |
| b | Financial assets | | |
| | (i) Trade receivables | 357.58 | 380.23 |
| | (ii) Cash and cash equivalents | 89.60 | 4.44 |
| | (iii) Bank balances other than cash and cash equivalents | 23.92 | 23.32 |
| | (v) Loans | 3.86 | 4.86 |
| | (v) Derivative instruments | - | 2.26 |
| | (vi) Other current financial asset | 22.78 | 18.09 |
| c | Current tax assets (net) | 7.59 | - |
| d | Other current assets | 46.66 | 81.59 |
| | Total Current Assets | 1,276.26 | 1,183.05 |
| | Assets held for sale | 31.46 | 39.23 |
| | Total Assets | 4,200.96 | 4,003.60 |
| | | | |
| II | Equity and Liabilities | | |
| | Equity | | |
| a | Equity share capital | 95.01 | 98.03 |
| b | Other equity | 2,090.55 | 1,853.92 |
| | Total Equity | 2,185.56 | 1,951.95 |
| | Non-current liabilities | | |
| a | Financial liabilities | | |
| | (i) Borrowings | 807.89 | 701.35 |
| | (ii) Lease liabilities | 13.92 | - |
| b | Provisions | 6.27 | 6.15 |
| c | Deferred tax liabilities (net) | 253.08 | 253.00 |
| | Total Non- Current Liabilities | 1,081.16 | 960.50 |
| | Current liabilities | | |
| a | Financial liabilities | | |
| | (i) Borrowings | 268.88 | 398.86 |
| | (ii) Lease liabilities | 0.68 | - |
| | (iii) Trade payables | | |
| | (a) Total outstanding dues of micro enterprises and small enterprises | 12.92 | 14.83 |
| | (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 392.87 | 393.02 |
| | (iv) Other current financial liabilities | 216.78 | 230.97 |
| | (v) Derivative instruments | 6.25 | - |
| c | Provisions | 12.83 | 15.13 |
| d | Current tax liabilities (net) | - | 9.34 |
| b | Other current liabilities | | |
| | (i) Contract liabilities | 6.11 | 3.66 |
| | (ii) Other current liabilities | 16.92 | 25.34 |
| | Total Current Liabilities | 934.24 | 1,091.15 |
| | Total Equity and Liabilities | 4,200.96 | 4,003.60 |

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Independent Auditor's Report on the Quarterly and Year to Date Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
**The Board of Directors of
GHCL Limited**

Report on the audit of the Consolidated Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date consolidated financial results of GHCL Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the quarter ended March 31, 2020 and for the year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"). Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended March 31, 2019, as reported in these consolidated financial results have been approved by the Holding Company's Board of Directors, but have not been subjected to audit/review.

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 reports of the other auditors on separate audited financial statements/ financial results/financial information of the subsidiaries, the Statement:

- i. includes the results of the following entities;
 - a. Grace Home Fashions LLC (Wholly Owned Subsidiary of GHCL Limited)
 - b. Dan River Properties LLC (Wholly Owned Subsidiary of GHCL Limited)
- ii. are presented in accordance with the requirements of the Listing Regulations in this regard; and
- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the consolidated net profit and other comprehensive loss and other financial information of the Group for the quarter ended March 31, 2020 and for the year ended March 31, 2020

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" 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 obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.

S.R. Batliboi & Co. LLP, a Limited Liability Partnership with LLP identity No. AAB-4294
Regd. Office: 22, Camac Street, Block- "B", 3rd Floor, Kolkata - 700016



Emphasis of Matter

We draw attention to Note 3 of the accompanying Consolidated financial results, which describes the management's evaluation of impact of uncertainties related to COVID-19 and its consequential effects on the operations of the Company.

Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Holding Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive loss and other financial information of the Group in accordance with the applicable accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 Statement 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 Statement by the Directors of the Holding Company, as aforesaid.

In preparing the Statement, 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 the respective Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is 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 the Statement.

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 Statement, 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



S.R. BATLIBOI & Co. LLP

Chartered Accountants

may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

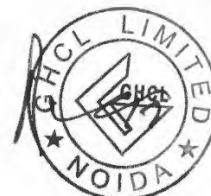
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with 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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Group 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 Statement 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 Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the entities within the Group of which we are the independent auditors to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, 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 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.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matter

The accompanying Statement includes the audited financial results and other financial information, in respect of two subsidiaries, whose financial results include total assets of Rs 88.54 crores as at March 31, 2020, total revenues of Rs 16.95 crores and Rs 136.75 crores, total net (loss) after tax of Rs. (4.54) crores and Rs. (19.89) crores, for the quarter and the year ended on that date respectively, as considered



S.R. BATLIBOI & Co. LLP

Chartered Accountants

in the Statement which have been audited by their respective independent auditors. The independent auditor's report on the financial results of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.

Our opinion on the Statement is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

The Statement includes the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**ATUL
SEKSARIA**

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per Atul Seksaria

Partner

Membership No.: 086370

UDIN: 20086370AAAABD2214

Place of Signature: Gurugram

Date: May 20, 2020



GHCL Limited (CIN : L24100GJ1983PLC006513)

Registered Office: GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380 009, Gujarat
(Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in, Website: www.ghcl.co.in, Phone: 079- 39324100, Fax: 079-26423623)

| S. No. | Particulars | Quarter Ended | | | Year Ended | |
|----------|--|-------------------------|-----------------|----------------------------|-----------------|-----------------|
| | | 31.03.2020 | 31.12.2019 | 31.03.2019 | 31.03.2020 | 31.03.2019 |
| | | Audited (refer note 7) | Un-audited | Un-audited (refer note 7) | Audited | Audited |
| 1 | Segment Revenue | | | | | |
| 1.a | Inorganic Chemicals | 514.35 | 545.19 | 604.82 | 2,188.11 | 2,175.69 |
| 1.b | Home Textiles | 235.72 | 295.15 | 303.04 | 1,117.01 | 1,165.63 |
| 1.c | Un-allocated | - | - | - | - | - |
| | Total Revenue | 750.07 | 840.34 | 907.86 | 3,305.12 | 3,341.32 |
| 2 | Segment Results | | | | | |
| | Operating Profit before Finance cost & Tax | | | | | |
| 2.a | Inorganic Chemicals | 146.43 | 141.57 | 207.74 | 629.40 | 620.19 |
| 2.b | Home Textiles | (19.98) | 13.26 | 19.11 | 7.22 | 55.77 |
| 2.c | Un-allocated | 0.03 | (0.17) | 0.32 | 0.35 | 1.39 |
| | Total Segment Results | 126.48 | 154.66 | 227.17 | 636.97 | 677.35 |
| 2.d | Finance Cost | 33.81 | 26.02 | 30.85 | 119.79 | 127.34 |
| 2.e | Un-allocated Expenditure | 4.58 | 4.32 | 14.65 | 22.58 | 19.38 |
| | Profit Before Tax and Exceptional Items | 88.09 | 124.32 | 181.67 | 494.60 | 530.63 |
| | Exceptional Items ((refer note 10) | - | 9.57 | - | - | - |
| | Profit Before Tax | 88.09 | 114.75 | 181.67 | 494.60 | 530.63 |
| 3 | Segment Assets | | | | | |
| 3.a | Inorganic Chemicals | 2,523.41 | 2,374.66 | 2,219.22 | 2,523.41 | 2,219.22 |
| 3.b | Home Textiles | 1,597.78 | 1,656.35 | 1,723.40 | 1,597.78 | 1,723.40 |
| 3.c | Un-allocated | 48.16 | 52.77 | 52.29 | 48.16 | 52.29 |
| | Total Segment Assets | 4,169.35 | 4,083.78 | 3,994.91 | 4,169.35 | 3,994.91 |
| 4 | Segment Liabilities | | | | | |
| 4.a | Inorganic Chemicals | 1,134.92 | 931.37 | 880.41 | 1,134.92 | 880.41 |
| 4.b | Home Textiles | 631.51 | 703.13 | 925.78 | 631.51 | 925.78 |
| 4.c | Un-allocated | 253.95 | 268.51 | 263.22 | 253.95 | 263.22 |
| | Total Segment Liabilities | 2,020.38 | 1,903.01 | 2,069.41 | 2,020.38 | 2,069.41 |

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| GHCL Limited (CIN : L24100GJ1983PLC006513) | | | |
|---|--|--------------------------|-----------------|
| Statement of Assets & Liabilities | | | |
| Particulars | | Consolidated (Rs. In Cr) | |
| | | As at | As at |
| | | 31.03.2020 | 31.03.2019 |
| | | Audited | Audited |
| I | Assets | | |
| | Non-current assets | | |
| a | Property, plant and equipment | 2,635.88 | 2,577.95 |
| b | Capital work-in-progress | 119.96 | 113.64 |
| c | Investment property | 8.56 | 8.56 |
| d | Other Intangible assets | 5.46 | 4.56 |
| e | Right-of-use assets | 13.73 | - |
| f | Intangible assets under development | 1.76 | 3.82 |
| g | Financial assets | | |
| | (i) Investments | 9.26 | 11.59 |
| | (ii) Loans | 15.51 | 11.45 |
| | (iii) Other non-current financial assets | 0.26 | 0.24 |
| h | Other-non current assets | 67.19 | 24.37 |
| | Total Non-Current Assets | 2,877.57 | 2,756.18 |
| | Current assets | | |
| a | Inventories | 790.62 | 768.50 |
| b | Financial assets | | |
| | (i) Trade receivables | 274.40 | 290.62 |
| | (ii) Cash and cash equivalents | 91.74 | 12.18 |
| | (iii) Bank balances other than cash and cash equivalents | 23.92 | 23.32 |
| | (iv) Loans | 2.36 | 2.84 |
| | (v) Derivative Instruments | - | 2.26 |
| | (vi) Other current financial asset | 22.78 | 18.09 |
| c | Current tax assets (net) | 7.59 | - |
| d | Other current assets | 46.91 | 81.69 |
| | Total Current Assets | 1,260.32 | 1,199.50 |
| | Assets held for sale | 31.46 | 39.23 |
| | Total Assets | 4,169.35 | 3,994.91 |
| II | Equity and Liabilities | | |
| | Equity | | |
| a | Equity share capital | 95.01 | 98.03 |
| b | Other equity | 2,053.96 | 1,827.47 |
| | Liabilities | | |
| (1) | Non-current liabilities | | |
| a | Financial liabilities | | |
| | (i) Borrowings | 806.39 | 702.03 |
| | (ii) Lease liabilities | 13.92 | - |
| b | Provisions | 6.27 | 6.15 |
| c | Deferred tax liabilities (net) | 253.08 | 253.00 |
| d | Other non-current liabilities | 2.38 | - |
| | Total Non- Current Liabilities | 1,082.04 | 961.18 |
| (2) | Current liabilities | | |
| a | Financial liabilities | | |
| | (i) Borrowings | 268.88 | 408.56 |
| | (ii) Lease liabilities | 0.68 | - |
| | (iii) Trade payables | | |
| | (a) Total outstanding dues of micro enterprises and small | 12.92 | 14.83 |
| | (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 394.80 | 394.58 |
| | (iv) Derivative Instruments | 6.25 | - |
| | (v) Other current financial liabilities | 216.78 | 230.97 |
| b | Provisions | 12.85 | 15.13 |
| c | Current tax liabilities (net) | - | 9.34 |
| d | Other current liabilities | | |
| | (i) Contract liabilities | 6.11 | 3.66 |
| | (ii) Other current liabilities | 19.07 | 31.16 |
| | Total Current Liabilities | 938.34 | 1,108.23 |
| | Total Equity and Liabilities | 4,169.35 | 3,994.91 |

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Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**Review Report to
The Board of Directors
GHCL Limited**

1. We have reviewed the accompanying statement of unaudited standalone financial results of GHCL Limited (the "Company") for the quarter ended September 30, 2020 and year to date from April 01, 2020 to September 30, 2020 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. **Emphasis of Matter Paragraph:** We draw attention to Note No. 3 of the accompanying standalone financial results, which describes the uncertainties and the possible effects of uncertainties related to COVID-19 on Company's operations and results as assessed by the management. Our conclusion is not modified in respect of this matter.

For S.R. BATLIBOI & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

**ATUL
SEKSARIA**

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per Atul Seksaria
Partner
Membership No.: 086370
UDIN: 20086370AAAADC9144
Place: Faridabad
Date: October 26, 2020



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by RAMAN
CHOPRA
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| GHCL Limited (CIN : L24100GJ1983PLC006513) | | | |
|--|--|-----------------|-----------------|
| Statement of Assets & Liabilities | | | |
| Particulars | Standalone (Rs. In Cr) | | |
| | As at | | As at |
| | 30.09.2020 | 31.03.2020 | |
| | Un-audited | Audited | |
| I | Assets | | |
| | Non-current assets | | |
| a | Property, plant and equipment | 2,659.24 | 2,635.40 |
| b | Capital work-in-progress | 86.42 | 119.96 |
| c | Other Intangible assets | 5.46 | 5.46 |
| d | Right-of-use assets | 12.94 | 13.73 |
| e | Intangible assets under development | 2.40 | 1.76 |
| f | Financial assets | | |
| | (i) Investments | 36.17 | 34.23 |
| | (ii) Loans | 14.54 | 15.51 |
| | (iii) Other non-current financial assets | - | - |
| g | Other-non current assets | 67.95 | 67.19 |
| | Total Non-Current Assets | 2,885.12 | 2,893.24 |
| | Current assets | | |
| a | Inventories | 584.49 | 724.27 |
| b | Financial assets | | |
| | (i) Investments | 21.00 | - |
| | (ii) Trade receivables | 351.51 | 357.58 |
| | (iii) Cash and cash equivalents | 24.73 | 89.60 |
| | (iv) Bank balances other than cash and cash equivalents | 21.70 | 23.92 |
| | (v) Loans | 3.48 | 3.88 |
| | (vi) Derivative instruments | 0.02 | - |
| | (vii) Other current financial asset | 9.86 | 22.78 |
| c | Current tax assets (net) | 9.94 | 7.59 |
| d | Other current assets | 69.28 | 46.66 |
| | Total Current Assets | 1,096.01 | 1,276.26 |
| | Assets held for sale | 7.94 | 31.46 |
| | Total Assets | 3,989.07 | 4,200.96 |
| II | Equity and Liabilities | | |
| | Equity | | |
| a | Equity share capital | 95.01 | 95.01 |
| b | Other equity | 2,187.18 | 2,090.55 |
| | Total Equity | 2,282.19 | 2,185.56 |
| | Non-current liabilities | | |
| a | Financial liabilities | | |
| | (i) Borrowings | 638.69 | 807.89 |
| | (ii) Lease liabilities | 12.46 | 13.92 |
| b | Provisions | 6.49 | 6.27 |
| c | Deferred tax liabilities (net) | 254.16 | 253.08 |
| | Total Non- Current Liabilities | 911.80 | 1,081.16 |
| | Current liabilities | | |
| a | Financial liabilities | | |
| | (i) Borrowings | 179.69 | 268.88 |
| | (ii) Lease liabilities | 1.86 | 0.68 |
| | (iii) Trade payables | | |
| | (a) Total outstanding dues of micro enterprises and small enterprises | 15.22 | 12.92 |
| | (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 347.39 | 392.87 |
| | (iv) Other current financial liabilities | 210.32 | 216.78 |
| | (v) Derivative instruments | - | 6.25 |
| b | Provisions | 13.26 | 12.83 |
| c | Other current liabilities | | |
| | (i) Contract liabilities | 3.68 | 6.11 |
| | (ii) Other current liabilities | 23.66 | 16.92 |
| | Total Current Liabilities | 795.08 | 934.24 |
| | Total Equity and Liabilities | 3,989.07 | 4,200.96 |

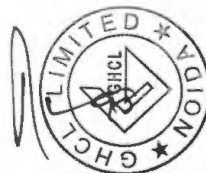


GHCL Limited (CIN : L24100GJ1983PLC006513)

Registered Office: GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380 009, Gujarat
(Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in, Website: www.ghcl.co.in, Phone: 079- 39324100, Fax: 079-26423623)

Statement of Standalone Segment Information for the Quarter and Half Year ended September 30, 2020

| S. No. | Particulars | Rs. In Crore | | | | | |
|----------|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | Quarter Ended | | Half Year | | Year Ended | |
| | | 30.09.2020 | 30.06.2020 | 30.09.2019 | 30.09.2020 | 31.03.2020 | |
| 1 | Segment Revenue | | | | | | |
| 1.a | Inorganic Chemicals | 479.90 | 345.02 | 541.50 | 824.92 | 1,128.57 | 2,188.11 |
| 1.b | Home Textiles | 290.14 | 91.03 | 280.42 | 381.17 | 569.22 | 1,067.90 |
| 1.c | Un-allocated | - | - | - | - | - | - |
| | Total Revenue | 770.04 | 436.05 | 821.92 | 1,206.09 | 1,697.79 | 3,256.01 |
| 2 | Segment Results | | | | | | |
| | Operating Profit before Finance cost & Tax | | | | | | |
| 2.a | Inorganic Chemicals | 105.16 | 65.12 | 163.30 | 170.28 | 341.40 | 629.40 |
| 2.b | Home Textiles | 30.73 | (8.40) | 11.89 | 22.33 | 33.82 | 25.83 |
| 2.c | Un-allocated | - | - | - | - | - | - |
| | Total Segment Results | 135.89 | 56.72 | 175.19 | 192.61 | 375.22 | 655.23 |
| 2.d | Finance Cost | 23.40 | 28.23 | 29.12 | 51.63 | 59.10 | 118.18 |
| 2.e | Un-allocated Expenditure | 6.50 | 5.42 | 4.31 | 11.92 | 13.68 | 22.58 |
| | Profit Before Tax and Exceptional Items | 105.99 | 23.07 | 141.76 | 129.06 | 302.44 | 514.47 |
| | Exceptional Items (Diminution in value of investment) | - | - | - | - | - | 10.00 |
| | Profit Before Tax | 105.99 | 23.07 | 141.76 | 129.06 | 302.44 | 504.47 |
| 3 | Segment Assets | | | | | | |
| 3.a | Inorganic Chemicals | 2,361.38 | 2,446.69 | 2,335.36 | 2,361.38 | 2,335.36 | 2,523.41 |
| 3.b | Home Textiles | 1,531.37 | 1,581.82 | 1,630.07 | 1,531.37 | 1,630.07 | 1,613.13 |
| 3.c | Un-allocated | 96.32 | 68.85 | 78.74 | 96.32 | 78.74 | 64.42 |
| | Total Segment Assets | 3,989.07 | 4,997.36 | 4,044.17 | 3,989.07 | 4,044.17 | 4,200.96 |
| 4 | Segment Liabilities | | | | | | |
| 4.a | Inorganic Chemicals | 902.02 | 1,038.26 | 994.42 | 902.02 | 994.42 | 1,134.92 |
| 4.b | Home Textiles | 550.70 | 601.95 | 645.50 | 550.70 | 645.50 | 626.53 |
| 4.c | Un-allocated | 254.16 | 253.08 | 277.87 | 254.16 | 277.87 | 253.95 |
| | Total Segment Liabilities | 1,706.88 | 1,893.29 | 1,917.79 | 1,706.88 | 1,917.79 | 2,015.40 |



Independent Auditor's Review Report on the Quarterly and Year to Date Unaudited Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

**Review Report to
The Board of Directors
GHCL Limited**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of GHCL Limited (the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), for the quarter ended September 30, 2020 and year to date from April 1, 2020 to September 30, 2020 (the "Statement") attached herewith, being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, (Ind AS 34) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33(8) of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:
 - a) GHCL Textiles Limited (India)
 - b) Grace Home Fashions LLC (United States of America)
 - c) Dan River Properties LLC (United States of America)
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review of other auditor referred to in paragraph 7 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standards ('Ind AS') specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. **Emphasis of Matter Paragraph:** - We draw attention to Note No. 3 of the accompanying Consolidated financial results, which describes the uncertainties and the possible effects of uncertainties related to COVID-19 on operations of Group and results as assessed by the management. Our conclusion is not modified in respect of this matter.
7. The accompanying Statement includes the unaudited interim financial results and other financial information, in respect of one subsidiary, whose unaudited interim financial results include total assets of Rs. 62.46 crores as at September 30, 2020, total revenues of Rs. 50.26 crores and Rs. 67.99 crores, total net (loss) after tax of Rs. 1.92 crores and Rs. 5.48 crores, total comprehensive loss of Rs. 0.27 crores and Rs. 4.06 crores for the quarter ended September 30, 2020 and for the period ended on that date respectively, and net cash outflow of Rs. 0.07 crores for the period from April 1, 2020 to September 30, 2020, as considered in the Statement which have been reviewed by their respective independent auditor.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

The independent auditor's report on interim financial results of this entity has been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of this subsidiary, is based solely on the report of such auditor and procedures performed by us as stated in paragraph 3 above.

8. The accompanying Statement includes unaudited interim financial results and other unaudited financial information in respect of two subsidiaries, whose interim financial results and other financial information reflect total assets of Rs 8.97 crores as at September 30, 2020 and total revenues of Rs 0.1 crores and Rs 0.41 crores, total net profit after tax of Rs. 0.03 crores and Rs. 0.25 crores, total comprehensive income of Rs. (0.02) crores and Rs. 0.20 crores, for the quarter ended September 30 and the period ended on that date respectively and net cash inflows of Rs. 0.25 crores for the period from April 1, 2020 to September 30, 2020.

The unaudited interim financial results and other unaudited financial information of these subsidiaries, have not been reviewed by any auditor and have been approved and furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the affairs of these subsidiaries is based solely on such unaudited interim financial results and other unaudited financial information. According to the information and explanations given to us by the management, these interim financial results are not material to the Group.

Our conclusion on the Statement in respect of matters stated in para 7 and 8 above is not modified with respect to our reliance on the work done and the reports of the other auditor and the financial results certified by the Management.

For S.R. BATLIBOI & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

**ATUL
SEKSARIA**

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per Atul Seksaria
Partner

Membership No.: 086370

UDIN: 20086370AAAADD5530

Place: Faridabad

Date: October 26, 2020



| GHCL Limited (CIN : L24100GJ1983PLC006513) | | | |
|--|---|---------------------------|-----------------|
| Statement of Assets & Liabilities | | | |
| Particulars | | Consolidated (Rs. In Cr) | |
| | | As at | As at |
| | | 30.09.2020 | 31.03.2020 |
| | | Un-audited | Audited |
| I | Assets | | |
| | Non-current assets | | |
| a | Property, plant and equipment | 2,659.82 | 2,635.88 |
| b | Capital work-in-progress | 86.42 | 119.96 |
| c | Investment property | - | 8.56 |
| d | Other Intangible assets | 5.46 | 5.46 |
| e | Right-of-use assets | 12.94 | 13.73 |
| f | Intangible assets under development | 2.40 | 1.76 |
| g | Financial assets | | |
| | (i) Investments | 11.19 | 9.26 |
| | (ii) Loans | 14.54 | 15.51 |
| | (iii) Other non-current financial assets | 0.25 | 0.26 |
| h | Other-non current assets | 67.95 | 67.19 |
| | Total Non-Current Assets | 2,860.97 | 2,877.57 |
| | Current assets | | |
| a | Inventories | 613.15 | 790.62 |
| b | Financial assets | | |
| | (i) Investments | 21.00 | |
| | (ii) Trade receivables | 314.96 | 274.40 |
| | (iii) Cash and cash equivalents | 27.03 | 91.74 |
| | (iv) Bank balances other than cash and cash equivalents | 21.71 | 23.92 |
| | (v) Loans | 1.98 | 2.36 |
| | (vi) Derivative instruments | 0.02 | - |
| | (vii) Other current financial asset | 9.86 | 22.78 |
| c | Current tax assets (net) | 9.94 | 7.59 |
| d | Other current assets | 69.38 | 46.91 |
| | Total Current Assets | 1,089.03 | 1,260.32 |
| | Assets held for sale | 16.50 | 31.46 |
| | Total Assets | 3,966.50 | 4,169.35 |
| II | Equity and Liabilities | | |
| | Equity | | |
| a | Equity share capital | 95.01 | 95.01 |
| b | Other equity | 2,156.41 | 2,053.96 |
| | Liabilities | | |
| (1) | Non-current liabilities | | |
| a | Financial liabilities | | |
| | (i) Borrowings | 638.69 | 806.39 |
| | (ii) Lease liabilities | 12.46 | 13.92 |
| b | Provisions | 6.49 | 6.27 |
| c | Deferred tax liabilities (net) | 254.16 | 253.08 |
| d | Other non-current liabilities | - | 2.38 |
| | Total Non- Current Liabilities | 911.80 | 1,082.04 |
| (2) | Current liabilities | | |
| a | Financial liabilities | | |
| | (i) Borrowings | 179.69 | 268.88 |
| | (ii) Lease liabilities | 1.86 | 0.68 |
| | (iii) Trade payables | | |
| | (a) Total outstanding dues of micro enterprises and small | 15.22 | 12.92 |
| | (b) Total outstanding dues of creditors other than micro | | |
| | enterprises and small enterprises | 348.56 | 394.80 |
| | (iv) Derivative Instruments | - | 6.25 |
| | (v) Other current financial liabilities | 210.32 | 216.78 |
| b | Provisions | 13.26 | 12.85 |
| c | Other current liabilities | | |
| | (i) Contract liabilities | 3.68 | 6.11 |
| | (ii) Other current liabilities | 30.69 | 19.07 |
| | Total Current Liabilities | 803.28 | 938.34 |
| | Total Equity and Liabilities | 3,966.50 | 4,169.35 |

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GHCL Limited (CIN : L24100GJ1983PLC006513)

Registered Office: GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380 009, Gujarat
(Email: ghclinfo@ghcl.co.in, secretarial@ghcl.co.in, Website: www.ghcl.co.in, Phone: 079- 39324100, Fax: 079-26423623)

| S. No. | | Particulars | Quarter Ended | | | Half Year | | |
|----------|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------|
| | | | 30.09.2020 | | | 30.09.2019 | | |
| | | | 30.09.2020 | 30.06.2020 | 30.09.2019 | 30.09.2020 | 30.09.2019 | 31.03.2020 |
| | | | Un-audited | | Un-audited | | Audited | |
| 1 | Segment Revenue | | | | | | | |
| 1.a | Inorganic Chemicals | 479.90 | 345.02 | 541.50 | 824.92 | 1,128.57 | 2,188.11 | |
| 1.b | Home Textiles | 326.61 | 107.10 | 294.02 | 433.71 | 595.71 | 1,117.01 | |
| 1.c | Un-allocated | - | - | - | - | - | - | |
| | Total Revenue | 806.51 | 452.12 | 835.52 | 1,258.63 | 1,724.28 | 3,305.12 | |
| 2 | Segment Results | | | | | | | |
| | Operating Profit before Finance cost & Tax | | | | | | | |
| 2.a | Inorganic Chemicals | 105.16 | 65.12 | 163.29 | 170.28 | 341.40 | 628.40 | |
| 2.b | Home Textiles | 37.28 | (12.39) | 6.83 | 24.89 | 23.53 | 7.22 | |
| 2.c | Un-allocated | 0.03 | 0.22 | 0.30 | 0.25 | 0.50 | 0.35 | |
| | Total Segment Results | 142.47 | 52.95 | 170.42 | 195.42 | 365.43 | 636.97 | |
| 2.d | Finance Cost | 23.75 | 28.47 | 29.58 | 52.22 | 59.97 | 119.79 | |
| 2.e | Un-allocated Expenditure | 6.50 | 5.42 | 4.32 | 11.92 | 13.69 | 22.58 | |
| | Profit Before Tax and Exceptional Items | 112.22 | 19.06 | 136.52 | 131.28 | 291.77 | 494.60 | |
| | Exceptional Items | - | - | - | - | - | - | |
| | Profit Before Tax | 112.22 | 19.06 | 136.52 | 131.28 | 291.77 | 494.60 | |
| 3 | Segment Assets | | | | | | | |
| 3.a | Inorganic Chemicals | 2,361.38 | 2,446.69 | 2,335.36 | 2,361.38 | 2,335.36 | 2,523.41 | |
| 3.b | Home Textiles | 1,524.82 | 1,566.72 | 1,610.10 | 1,524.82 | 1,610.10 | 1,597.78 | |
| 3.c | Un-allocated | 80.30 | 52.81 | 87.92 | 80.30 | 87.92 | 48.16 | |
| | Total Segment Assets | 3,966.51 | 4,066.22 | 4,033.38 | 3,966.50 | 4,033.38 | 4,169.35 | |
| 4 | Segment Liabilities | | | | | | | |
| 4.a | Inorganic Chemicals | 902.02 | 1,038.26 | 994.42 | 902.02 | 994.42 | 1,134.92 | |
| 4.b | Home Textiles | 558.90 | 609.42 | 672.95 | 558.90 | 672.95 | 631.51 | |
| 4.c | Un-allocated | 254.16 | 253.08 | 277.86 | 254.16 | 277.86 | 253.95 | |
| | Total Segment Liabilities | 1,715.08 | 1,900.76 | 1,945.23 | 1,715.08 | 1,945.23 | 2,020.38 | |



ANNEXURE 13

GHCL Textiles Limited
Standalone Statement of Profit and Loss
(INR in lacs)

| Particulars | Total | Total |
|---|--------------------------------------|--------------------------------------|
| | For the Period ended Dec 31, 2020 | For the Period ended Dec 31, 2019 |
| Revenue | | |
| Revenue from operations | - | NA |
| Other income | - | NA |
| Total Income | - | NA |
| Expenses | | |
| Cost of raw materials consumed | - | NA |
| Purchase of stock in trade | - | NA |
| (Increase)/ Decrease in inventories of finished goods, stock-in-trade a | - | NA |
| Power, fuel and water | - | NA |
| Employee benefit expenses | - | NA |
| Depreciation and amortization expense | - | NA |
| Finance costs | - | NA |
| Other expenses | 0.48 | NA |
| Total expenses | 0.48 | NA |
| Profit before exceptional items and tax | (0.48) | NA |
| Profit before tax | (0.48) | NA |
| Tax expense: | | |
| Current tax | - | NA |
| Less: Tax adjustment for Earlier years (Refer Note 12) | - | NA |
| Deferred tax | - | NA |
| Total tax expense | - | - |
| Profit for the year | (0.48) | NA |

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




RS Jalan
Director


Raman Chopra
Director

Note: The Company is incorporated on 17th June 2020, hence previous year nos are shown as NA

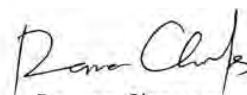
GHCL Textiles Limited
Standalone Balance Sheet as at Dec 31, 2020
(INR in Lacs)

| Particulars | As at Dec 31, 2020 | As at Dec 31, 2019 |
|--|--------------------|--------------------|
| I. Assets | | |
| (1) Non-current assets | - | NA |
| Total Non-Current Assets | - | NA |
| (2) Current assets | | |
| Bank balances other than cash and cash | | |
| i) equivalents | 0.52 | |
| Total Current Assets | 0.52 | NA |
| Total assets | 0.52 | NA |
| II. Equity and liabilities | | |
| Equity | | |
| (a) Equity share capital | 1.00 | NA |
| (b) Other equity | (0.48) | NA |
| Total Equity | 0.52 | - |
| Liabilities | | |
| (1) Non-current liabilities | 0 | NA |
| Total Non- Current Liabilities | - | NA |
| (2) Current liabilities | | |
| Total Current Liabilities | - | NA |
| Total equity and liabilities | 0.52 | NA |

For and on behalf of the Board of Directors of



RS Jalan
 Director



Raman Chopra
 Director



Note: The Company is incorporated on 17th June 2020, hence previous year nos are shown as NA

ANNEXURE 14

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 circular no. CFD/DIL3/CIR/2017/21, dated March 10, 2017 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 15 PAGES.
PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES

This document dated 27th Jul 2020 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
GHCLTEXTILES LIMITED

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

Telephone: 91-120-2535335 Fax: 91-120-2535209 Email: secretarial@ghcl.co.in

Corporate Identification Number: U18101GJ2020PLC114004

Contact person: Mr. Bhuvneshwar Mishra

PROMOTER OF THE COMPANY

GHCL Limited

ISSUE DETAILS, LISTING AND PROCEDURE

Issue Details:

The Board of Directors of GHCL and GHCL Textiles has considered and approved the Scheme of Arrangement in their respective meetings held on 16th March, 2020 and 7th July, 2020. 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 ("NCLT"). GHCL Textiles shall issue equity shares to the shareholders of GHCL pursuant



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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 Circular No.CFD/DIL3/CIR/2017/21, dated March 10, 2017 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 SEBI Circular No.CFD/DIL3/CIR/2017/21, dated March 10, 2017, 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.

DETAILS OF THE SCHEME OF ARRANGEMENT

A. Rationale for the Scheme:

The Demerged Company is inter-alia engaged in two business verticals, namely Chemical and Textiles. The Chemical business is highly capital driven with long gestation period and the Textiles 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. Both 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 Textiles Business, on a going concern basis, into its wholly owned subsidiary, with a resultant mirror image shareholding, and whose shares would be listed on the Stock Exchange after the demerger.

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 Textiles 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;



- c) 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 Textiles business, 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 Textiles Business 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 Textiles Business, 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 Textiles Business of the Demerged Company and the Resulting Company or any other transactions between the Textiles Business 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 is the holding company of GHCL Textiles. 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 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. 95,01,32,860 divided into 9,50,13,286 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') (ii) manufacture and sale of textiles (including but not limited to yarn manufacturing along with weaving, processing, cutting and sewing of home textiles products) ('Textiles Business').



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***Promoters of GHCL**

| S. No. | Name of Promoters | No. of Shares Held | % |
|--------|---|--------------------|-------|
| 1 | Anurag Dalmia(IIUF) | 5,72,774 | 0.60% |
| 2 | Anurag Dalmia | 1,00,000 | 0.11% |
| 3 | Neelabh Dalmia | 69,500 | 0.07% |
| 4 | Gems Commercial Company Limited | 29,40,207 | 3.09% |
| 5 | Oval Investment Private Limited | 25,88,848 | 2.72% |
| 6 | Lhonak International Private Limited | 13,65,599 | 1.44% |
| 7 | Hindustan Commercial Company Limited | 29,44,737 | 3.10% |
| 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 | Ram Krishna Dalmia Foundation | 1,65,000 | 0.17% |
| 36 | Banjax Limited | 27,89,700 | 2.94% |
| 37 | Hexabond Limited | 27,18,200 | 2.86% |



| | | |
|-------|-------------|--------|
| Total | 1,83,02,810 | 19.26% |
|-------|-------------|--------|

*The above Promoters shareholding is as on 30th June 2020.

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, "Textiles Business" (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the "Textiles Business"), 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 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. |



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| | | | |
|---|--------------------|----------|--|
| 2 | Mr. Neelabh Dalmia | Director | Mr. Neelabh Dalmia is a Director 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.

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 |



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Issued, Subscribed and Paid-up
50,000 Equity shares of Rs. 2 each
Total

1,00,000
1,00,000

SHAREHOLDING PATTERN OF GHCL TEXTILES AS ON 04.07.2020

| 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 Chpra (as Nominee of GHCL Limited) | 1 | 0.002 |
| 5 | Mr. Bhwneshwar Prasad Mishra (as Nominee of GHCL Limited) | 1 | 0.002 |
| 6 | Mr. Sunit 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

(INR in crores)

| Particulars ¹ (Basis – Standalone financials) | As per last Unaudited financials of last quarter | As per last Audited Financial Year | 1 year prior to the last Audited Financial Year | 2 years prior to the last Audited Financial Year |
|---|--|------------------------------------|---|--|
| | 30-June-2020 | 2019-20 | 2018-19 | 2017-18 |
| Equity Paid up Capital | 0.01 | - | - | - |
| Reserves and surplus | - | - | - | - |
| Carry forward losses | - | - | - | - |
| Net Worth ² | 0.01 | - | - | - |
| Miscellaneous Expenditure | - | - | - | - |

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| | | | | |
|-------------------------------|-----|---|---|---|
| Secured Loans | - | - | - | - |
| Unsecured Loans | - | - | - | - |
| Fixed Assets | - | - | - | - |
| Income from Operations | - | - | - | - |
| Total Income | - | - | - | - |
| Total Expenditure | - | - | - | - |
| Profit before Tax | - | - | - | - |
| Profit after Tax | - | - | - | - |
| Cash profit | - | - | - | - |
| EPS | - | - | - | - |
| Book value/share ³ | 2.0 | - | - | - |

[^]Per share value in INR

^{*}The 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
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 recently incorporated with the objective to carry out the inter alia the business of manufacture, selling, distributing of home Textile. 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 existing textile business of GHCL has a well-established framework of internal controls across all the businesses and in all the areas of its operations. The business has adequate monitoring procedures and has appointed competent personnel to safeguard its assets, protect loss from unauthorized use or disposition ensuring reliably authorized, accurately recorded and transparently reported transactions.



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”).

Key Risks

Business Risks:

The Company has been continuing to work on strengthening its marketing, product development and operating teams. It has consolidated its focus to fewer, meaningful customers and has ceased work with small customers who did not adhere to defined Minimum Order Quantities and were spread in isolated, non- strategic geographies. The strategic focus of the company continues to revolve around sustainability, traceability, innovation and giving back to society.

Sales & Marketing Risk

The Company’s strengths revolve around penchant for innovation and consistent product development with the aim of creating a clear differentiation from competition, the strong passion for sustainability and the circular economy, the Company’s endeavor in creating intellectual property and ability to partner with multiple agencies to realise our four pillar strategy. The Company has created seamless supply chain to deliver value to its customers through multiple touch points, robust sales& marketing strategy.

Financial risk

The Company’s principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company’s operations and to provide guarantees to support its operations. The Company’s principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The Company’s senior management is supported by a banking and operations committee that advises on financial risks and the appropriate financial risk governance framework for the Company.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits and derivative financial instruments.

a. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s long-term debt obligations with floating interest rates.

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In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

b. Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its operating activities. The company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month periods for hedges of forecasted sales and purchases in foreign currency. The hedging is done through foreign currency forward contracts.

c. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on customer profiling, creditworthiness and market intelligence. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

Liquidity risk

Liquidity risk is the risk that the company will encounter in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach of the company to manage liquidity is to ensure, as far as possible, that it should have sufficient liquidity to meet its respective liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to their reputation.

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 INR10,000 each under SOP of Listing Regulations against the GHCL Limited. GHCL Limited has deposited the penalty amount and is awaiting disposal of the case.

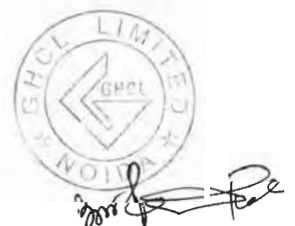


C. Brief details of outstanding criminal proceedings against Promoter (GHCL Limited):

| 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> Issue: 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 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. | 50,625,000 | GPCB has assessed the environmental damage caused by Gorakhmadhi 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. 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 | 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. |



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| | | GHCL already appointed its arbitrator. | | |
| 3 | Limestone Mines Appeals at Gandhi Nagar | <p><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 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.</p> | 50,000,000 | <p>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.</p> <p>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 & Bhimcol GHCL has paid the entire penalty amount and closed the cases.</p> |
| 4 | E.P. No. 109 / 2011 Civil Judge (SD) at Valsad | <p><u>Kipfold Case:</u> Kipfold Ltd., filed a petition for</p> | 41,195,559 | GHCL has filed its reply and the case is fixed for arguments of |



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|---|--|--|------------|--|
| 5 | SCA No. 9913 / 2012 Gujarat High Court | <p>executing an ex-parte foreign decree against GHCL for payment of £4,74,452 alongwith interest @ 8 % pa.</p> <p>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 involving penal consequences.</p> | 34,594,605 | <p>Kipfold. Case is transferred to Vapi Court NDOH to be notified</p> <p>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.</p> |
|---|--|--|------------|--|

ANY OTHER IMPORTANT INFORMATION AS PER THE MERCHANT BANKER/GHCL TEXTILES


None.





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: 27/07/2020
Place: New Delhi

For GHCL Textiles Limited


Ravi Shanker Jalan (Director)
DIN: 00121260



Date:
Place:

