

December 6, 2021

मार्गशीर्ष — शुक्लपक्ष - तृतीया

विक्रम सम्वत २०७८

National Stock Exchange of India Limited

“Exchange Plaza”
Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051
NSE Code: GHCL

BSE Limited

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

Dear Sir/Madam,

Press Release: GHCL Limited enters into a Business Transfer Agreement for divestment of its Home Textiles business to Indo Count Industries Limited

Subject: Disclosure of Material Event / Information under Regulation 30 of SEBI (LODR) Regulations, 2015

We would like to inform that Company has entered into a Business Transfer Agreement for divestment of its Home Textiles business to Indo Count Industries Limited. Please find enclosed herewith a copy of Press Release for your reference and record.

Please note that copy of this intimation is also available on the website of BSE Limited (www.bseindia.com/corporates), National Stock Exchange of India Limited (www.nseindia.com/corporates) and website of the Company (www.ghcl.co.in).

You are requested to kindly take note of the same.

Thanking you

Yours truly

For GHCL Limited



Manoj Kumar Ishwar
Asst. General Manager (Secretarial)

Encl: Press Release

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PRESS RELEASE

GHCL Limited enters into a Business Transfer Agreement for divestment of its Home Textiles business to Indo Count Industries Limited

GHCL Limited ("GHCL" or "the Company" or "Our") is a well-diversified Company having presence in chemicals, textiles and consumer products segment. GHCL is one of the leading manufacturers of soda Ash, being its core business and a strategic growth pillar.

With a view to have greater focus on its various businesses (i.e., Chemicals and Textiles), GHCL initiated the process of carving out its Textiles Business into GHCL Textiles Limited, in order to segregate both businesses and to have two separate listed entities, with mirror shareholding. Presently, the Scheme is under implementation.

In the interim, GHCL has got an opportunity to unlock value of its Home Textiles business ('HT Business'), not being its strategic growth area, by divesting the same to Indo Count Industries Limited ('Indo Count'). The Company believes that this sale would unlock the value for its stakeholders as the proceeds of the sale would be used to grow its core business of Chemicals. Accordingly, the Company is modifying its strategy to unlock greater value for its stakeholders wherein the HT business would be transferred to Indo Count by way of a Business Transfer Agreement dated December 6, 2021 ("BTA") and the remainder of the Textile business (i.e., Spinning Division) shall be demerged into GHCL Textiles Limited, subject to requisite approvals.

The Company believes that the divestment of HT Business is a significant value unlocking exercise for GHCL and its stakeholders, which would enable GHCL to continue to focus on its strategic growth pillar, i.e., Chemical business, where it has the opportunity to undertake various initiatives, such as, greenfield expansion, increasing its product baskets, enhancing the capacity of refined bio-carbonate business, enter into JV's/ arrangements, exploring opportunities in automation.

The Company expects to realise a consolidated sum of **INR 596 crores** from the divestment of its Business, as follows:

- Transfer of HT Business will be made for a consideration of INR 539 crores of which fixed consideration is INR 340 crores and balance INR 199 crores is towards net realizable current assets (subject to certain adjustments in accordance with the BTA), to be paid by Indo Count to GHCL;
- In line with the group's decision of a complete divestment of HT Business, the Company's US based subsidiary, Grace Home Fashions LLC (GHF), has also entered into an Asset Transfer Agreement ('ATA') for transfer of identified assets (i.e., inventory and intellectual property) to Indo Count Global Inc., USA, a US subsidiary of Indo Count for an agreed consideration of INR 37 crores (subject to certain adjustments as provided for under the ATA, if any); and
- In addition, the Company/GHF expects to realise INR 20 crores on its own account.

Following from the above, the Board of Directors of GHCL have duly considered and approved the following actions in its board meeting:

1. Modification of the ongoing Scheme of Demerger of the entire textile business in the following manner:
 - Withdrawal of the current Scheme of Textile Business, subject to receipt of NCLT approval; and
 - Demerger of the remaining Textiles Business (i.e., Spinning Division) of the Company to GHCL Textiles Limited, which will have mirror shareholding as that of GHCL Limited, subject to receipt of requisite approvals.

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2. Transfer of the HT Business to Indo Count by way of slump-sale.

GHCL expects to complete the slump-sale of HT business by the end of March 2022 subject to regulatory, shareholders and other approvals,

Transaction Square LLP and **Anagram Partner LLP** have acted as the transaction advisors and legal advisors to this transaction respectively.

Speaking on the occasion, **Mr. R S Jalan, Managing Director, GHCL Ltd.**, said, "*Over the last decade, Home Textiles (HT) Business of GHCL has grown to become a prominent market player in the HT sector. The sale to Indo Count promises the continuity and further growth of the HT business as they are market leaders in this particular product category. We expect this process to be seamless for our customers, suppliers, employees and other stakeholders with no disruption to our operations. GHCL plans to utilise the cash flow from slump sale of HT Business to focus on its core business, i.e., chemical and spinning business*".