

December 7, 2021

National Stock Exchange of India Limited

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

Dear Sir/Madam,

BSE Limited

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

Press Release:GHCL Ltd. undertakes transfer of Home Textiles business (Excluding Spinning Business) and Demerger of Spinning division

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

We would like to inform that GHCL Ltd. undertakes transfer of Home Textiles business (Excluding Spinning Business) and Demerger of Spinning division. 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

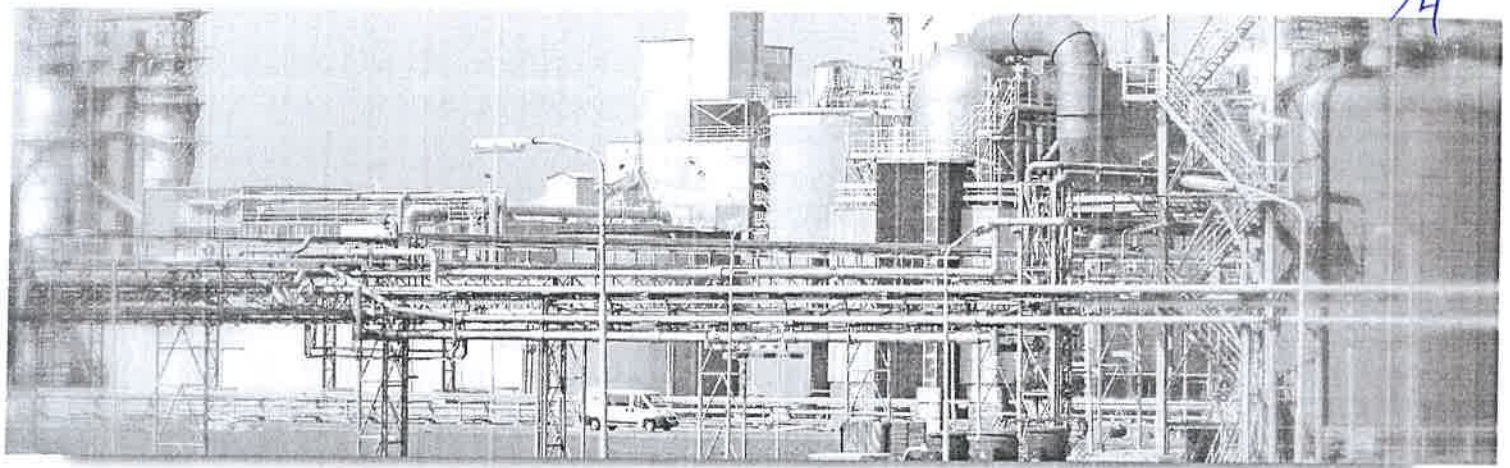
Yours truly

For GHCL Limited



Manoj Kumar Ishwar
Asst. General Manager (Secretarial)

Encl: Press Release



DRIVING EXCELLENCE

GHCL LIMITED

GHCL Ltd. undertakes transfer of Home Textiles business (Excluding Spinning Business) to Indo Count Industries Ltd.

Transaction to conclude by end of FY22

- Demerger of Spinning division expected to complete by end of H1 FY23

New Delhi, December 06, 2021 - GHCL Limited has entered into a Business Transfer Agreement (BTA) for divestment of its Home Textiles business to Indo Count Industries Limited. This divestment pertains to transfer of the Home Textiles division within the Company's Textiles segment, whereas the Spinning business will be retained by GHCL Ltd.

Key features of the transaction

- **Total sale consideration** including various terms and conditions as agreed upon in the BTA stands at a fair valuation of Rs. 596 crore. This is to include Rs. 539 crore across Rs. 340 crore in fixed assets and Rs. 199 crore towards net realizable current assets. GHCL's US-based subsidiary Grace Home Fashions to transfer inventories and IP to the US-based subsidiary of Indo Count for Rs. 37 crore
- Additionally, GHCL/ Grace Home Fashions expects to realize Rs. 20 crore on their own account
- To be concluded by the end of March 2022 subject to regulatory, shareholders and other approvals
- The **other part of Textile business, i.e., Spinning Division to be demerged into a separate entity – GHCL Textiles Limited**, subject to requisite approvals
- Board of Directors of GHCL have approved the modified Scheme of Arrangement of demerger of the entire Textiles business to include spinning division, which is to have mirror shareholding to that of GHCL Ltd., subject to approvals. This process is expected to complete by Sep 2022



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Key objectives of the divestiture of Home Textiles

- This divestment sharpens growth focus on Chemicals and Spinning businesses
- Is in-line with Company's objective of unlocking significant value for shareholders
- Home Textiles division was not fully scaled up. Hence, continuation of this division would have led to large investments around product development, marketing, innovation and so on. Cyclical nature typical to Home Textiles for GHCL was apparent and impeding build-up of performance momentum

The Company leveraged the **lucrative opportunity at hand to tactically modify its strategy and divested the Home Textiles business to Indo Count Industries.**

Deployment of proceeds

GHCL represents a well-managed operation running best-in-class assets. With consistent growth orientation, the business has demonstrated strong capability for cash generation. The proceeds by way of the transaction would be deployed towards shareholder value creation through investment in outlined growth initiatives in both chemicals and spinning business.

Key outcomes for Chemicals business

- Core business of Chemicals will now be the key focus area for the company. The proceeds from this transaction will be prudently deployed to further grow and nurture the leadership position in Soda Ash. Moreover, these funds will help to realise Company's aspirations of expanding its product portfolio, enhancing the capacity of refined bio-carbonate business, while forging Partnerships / JV arrangements and exploring opportunities in automation
- 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.
- GHCL is the 2nd largest soda ash manufacturer in the country with 25% market share. It has best-in-class operations management, CAPEX planning and execution and financial management. It has superior control over some of the key raw materials and has developed unique strengths over several decades. Total Soda Ash capacity stands at 11 Lac MT per annum
- Chemical business has witnessed strong demand improvement with healthy realization gains and this cyclical up move is expected to continue going forward. Cost pressures are gradually subsiding which will help generate robust profitability for the Company

Expected outcomes in Spinning business

- Within Textiles, the Spinning division is the most profitable segment contributing majority of the overall Textiles profitability
- We would focus to expand our value added product basket as well as capacity expansion to keep our growth momentum.
- This segment will be retained and demerged into a separate entity to unlock value for shareholders; the entire process of demerger is expected to be completed by Sept 2022.

-ENDS-

About GHCL Limited

GHCL Limited was incorporated on 14th of October, 1983. The company has established itself as a well-diversified group with an ascertained footprint in chemicals, textiles and consumer products segment. In chemicals, the company mainly manufactures Soda Ash (Anhydrous Sodium Carbonate) that is a major raw material for detergents & glass industries and Sodium Bicarbonate (baking soda). Its textiles operations is an integrated set up which commences right from spinning of fiber (yarn), weaving, dyeing, printing till the finished products, like sheets & duvets, take shape which are primarily exported worldwide. Consumer Products operation is another business for GHCL where it is a leader in manufacturing and selling edible salt, industrial grade salt and jujube honey in the country under the brand name of I-Flo.

At GHCL Ltd., sustainability is a core element of the business strategy as defined under the aegis of 'GHCL Way' which has four pillars i.e. Responsible Stewardship, Social Inclusiveness, Promoting Relationship and Adding Value. GHCL is committed to working closely with all stakeholders at various plant locations for promoting the agenda of sustainability underpin on GHCL Ltd. core values (Respect, Trust, Ownership and Integrated Team work).

For more information on the Company, please log on to www.ghcl.co.in or contact:

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