

December 6, 2021

National Stock Exchange of India Limited
Exchange Plaza,
Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051.

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

NSE Code: GHCL

BSE Code: 500171

Dear Sir/Madam,

Subject: Outcome of Board meeting held on December 6, 2021 – Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, intimation be and is hereby given that Board of Directors in their just concluded meeting held on Monday, 6th December 2021 have approved the following:

- (i) **Divestment of Home Textiles Business:** The Board of Directors ('Board') of GHCL Limited ('GHCL' or 'Company') at its meeting held today have approved the divestment of home textiles business by the Company and sale of identified assets of US based wholly owned subsidiary, Grace Home Fashions LLC (GHF), for a consideration of INR 596 crores (subject to certain adjustments) in the following manner;
- Sale and transfer of its Home Textiles Business Undertaking ('HT Undertaking') located in Vapi Gujarat, as a going concern on a slump sale basis to Indo Count Industries Limited ('Indo Count') for a consideration of INR 539 crores under a Business Transfer Agreement dated December 6, 2021 ('BTA'), subject to certain adjustments as agreed between the parties in terms of the BTA. The sale of the HT Undertaking is subject to inter-alia receipt of shareholders' approval.
 - Sale of identified assets (i.e., inventory and intellectual property) to Indo Count Global Inc., USA, US subsidiary of Indo Count under the terms of Asset Transfer Agreement ('ATA') for a consideration of INR 37 crores subject to certain adjustments as agreed between the parties under the terms of ATA.
 - In addition, the Company/GHF expects to realize INR 20 crores on its own account.
- (ii) **Approval for Scheme of Demerger of Spinning Business :** In line with the objective of having separate focused entity for each of the two large business verticals (i.e., Chemicals and Textiles), the Board of Directors of GHCL have approved the carve-out (via NCLT route Demerger Scheme) of the Spinning Division of the Company to GHCL Textiles Limited, as per the terms and conditions mentioned in the Scheme of Arrangement, subject to receipt of requisite approvals from regulatory authorities (including Stock Exchanges, SEBI, NCLT and other authorities, as applicable).



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

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

Following from the above, the Board of Directors of GHCL Limited have duly considered and approved the following actions as well:

- Withdrawal of the existing scheme of demerger of the entire textile business, subject to receipt of NCLT approval;
- Slump Sale of Home Textiles Business to Indo Count and sale of identified assets of GHF to Indo Count Global Inc., USA, subject to requisite approvals; and
- Demerger of Spinning Business through filing of fresh scheme of arrangement subject to receipt of requisite approvals from regulatory authorities (including Stock Exchanges, SEBI, NCLT and other authorities, as applicable).

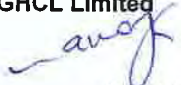
Transaction Square LLP and **Anagram Partner LLP** have acted as the transaction advisors and legal advisors to this transaction respectively.

Please also find **Annexure 1 (Slump Sale of HT Undertaking)** and **Annexure 2 (Demerger of Spinning Division)** containing details in the prescribed format as per Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

You are requested to kindly take note of the same and please also take suitable actions for dissemination of this information through your website at the earliest. In case you need any other information, please let us inform. Please note that the board meeting commenced at 2.30 P.M and concluded at 4.30 P.M.

Thanking you,

For GHCL Limited



Manoj Kumar Ishwar
AGM – Secretarial



Annexure 1

DISCLOSURE UNDER REGULATION 30 OF THE LISTING REGULATIONS

Disclosure regarding proposed Sale or disposal of unit or division of the Company

Sr. No.	Particulars of information required	Particulars of information provided
A.	The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the Company during the last financial year.	<p>The total income of the Home Textiles Undertaking (HT Undertaking) was INR 454.98 crores being 16.0% of total income of the Company for the year ended 31-Mar-2021.</p> <p>The net worth of the HT Undertaking was INR 384.44 crores being 15.4% of total net worth of the Company for the year ended 31-Mar-2021.</p>
B.	Date on which the agreement for sale has been entered into:	<p>Business Transfer Agreement (BTA) is signed on 6-Dec-2021.</p> <p>Please note that the BTA has been approved by the Board of Directors of the Company. However, the same is subject to shareholder's approval and such other approvals/ consents as may be necessary under applicable laws.</p>
C.	The expected date of completion of sale	The business transfer agreement shall be subject to certain conditions precedent as stipulated in the BTA and is expected to be closed by the end of March 2022 subject to regulatory, shareholders and other approvals.
D.	Consideration received from such sale	<p>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)</p> <p>In addition to this, the Company (including its subsidiary, GHF) expects to realise a further sum of INR 57 crores (INR 37 crores towards inventory and brands from Indo Count Global Inc., USA, and INR 20 crores towards realisation on its own account) subject to certain adjustments.</p>
E.	Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If Yes, details thereof	<p>Buyer: Indo Count Industries Limited ('Indo Count') is a listed company engaged in the business of manufacturing of home textiles and its products broadly includes Bed Sheet, Pillow Cover and Comforter.</p> <p>The buyer does not belong to the promoter/ promoter group/group companies of the Seller (i.e. GHCL Limited).</p>



F.	Name of the entities forming part of Slump sale. Details in brief such as size, turnover etc.	<p>Seller: GHCL Limited ('GHCL' or 'Company') is inter-alia engaged in varied business verticals namely Chemical, Spinning and Home Textiles. The financial details of GHCL (on standalone basis) for FY21 (i.e. 31-3-21) are as follows -</p> <ol style="list-style-type: none"> 1) Revenue from Operations - INR 2,823.09 crores 2) Profit Before Tax - INR 422.4 crores. 3) Paid-up Capital - INR 95.01 crores. <p>Buyer: Indo Count Industries Limited ('Indo Count') is engaged in the business of manufacturing of Home Textiles products. The financial details of Indo Count (on standalone basis) for FY21 (i.e. 31-3-21) are as follows -</p> <ol style="list-style-type: none"> 1) Revenue from Operations - INR 2,514.74 crores 2) Profit Before Tax - INR 352.58 crores 3) Paid-up Capital as on 31/3/2021 - INR 39.48 crores
G.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at arm's length basis	No.
I.	Rationale for sale	In line with the strategic vision of the Company to focus on its core business, the board of directors of the Company have taken the decision to divest its Home Textile Business, on slump sale basis to Indo Count.
J.	In case of cash consideration — amount or otherwise share exchange ratio	Please refer to reply in point D. There is no share exchange ratio involved in the transaction.
K.	Brief details of change in shareholding pattern (if any) of listed entity	There shall be no change in the shareholding pattern of the Company.



ANNEXURE 2

Disclosure regarding proposed Scheme of Arrangement:

S.No.	Particulars	Details			
a)	Brief details of the division(s) to be demerged:	Spinning Division of the GHCL Limited ('Demerged Company') consists of Yarn manufacturing, spinning of yarn and other ancillary materials from its factory/plant situated at Madurai and Manaparai, Tamil Nadu.			
b)	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year:	<i>(INR crores)</i>			
		S.No.	Particulars	Turnover of the Demerged Division as on 31-Mar-21 (Standalone)	Percentage to the total turnover of the listed entity as on 31-Mar-21 (Standalone)
		1	Spinning Division	609.22	21.6%
c)	Rationale for the Proposed Scheme:	<p>In line with the strategic vision of the management to focus on its core businesses of Chemicals and Spinning, the board of directors of the Company have taken the following decisions:</p> <p>(1) to modify the ongoing scheme of arrangement (by withdrawing the existing scheme of demerger of entire textiles business and filing a fresh scheme of demerger of spinning business) for allowing GHCL to continue only with the Chemicals Business;</p> <p>(2) for GHCL to transfer its Spinning Division (as referred to above) to GHCL Textiles Limited by way of a Demerger; and</p> <p>(3) for divesting its non-core business i.e., Home Textile Business to Indo Count through a Slump Sale.</p> <p>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.</p>			
d)	Brief details of change in Shareholding pattern:	<p>There will be no change in the shareholding pattern of the Demerged Company.</p> <p>The Resulting Company (GHCL Textiles Limited) shall issue the shares to the shareholders of the Demerged Company as per the share exchange ratio provided in</p>			



		point (e) below. The equity shares held by GHCL in the Resulting Company shall be cancelled. Hence, the Resulting Company's shareholding pattern will mirror the shareholding pattern of the Demerged Company upon effectiveness of the Scheme.
e)	Consideration and/ or Share Exchange Ratio:	<p>The Resulting Company shall without any further act, issue and allot its equity share 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:</p> <p><i>"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)"</i></p> <p>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(s) dated 6-Dec-2021 issued by Mr. Niranjn Kumar, Registered Valuer (IBBI Registration No - IBBI/RV/06/2018/10137).</p> <p>In addition, the Fairness Opinion report by Kunvarji Finstock Private Limited, SEBI Category 1 Merchant Banker (Registration Number - INM000012564) 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.</p>
f)	Whether listing would be sought for the Resulting Company:	The new shares of the Resulting Company to be issued and allotted to the shareholders of GHCL as consideration under the Scheme, would be applied for listing on BSE Limited and National Stock Exchange of India Limited, where the existing equity shares of the Company are listed.

For GHCL Limited

Manoj

Manoj Kumar Ishwar
AGM – Secretarial

