

Summary of the Proposed Combination

[In terms of Regulation 13(1A) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations), 2011, as amended on 26 November 2020]

A. Name of the parties to the Proposed Combination

GHCL Limited and GHCL Textiles Limited (herein collectively referred to as parties).

B. The nature and purpose of the Combination

The Board of Directors of the GHCL Limited ('GHCL' or 'Demerged Company'), an Indian public limited company listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), have approved a Scheme of Arrangement, on 6-December-2021, involving an internal restructuring of its business by way of a demerger of its Spinning division into its wholly owned subsidiary company named GHCL Textiles Limited. ('Resulting Company') – hereinafter referred to as 'Proposed Demerger' or 'Proposed Transaction' or 'Scheme'. The Board of Directors of the GHCL Textiles Limited also approved the Scheme on 6-December-2021.

Pursuant to such Proposed Demerger, the Resulting Company will be engaged in the demerged Spinning business division. Shareholders of GHCL will receive shares in the Resulting Company basis swap ratio of 1:1 resulting in mirror shareholding pattern of the GHCL and the Resulting Company. The Resulting Company will then not remain a subsidiary of GHCL post the Proposed Demerger, as the pre-demerger capital held by GHCL in the Resulting Company will get cancelled as part of the Scheme.

The Proposed Demerger will be made effective from the Effective Date (i.e. date 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).

The Proposed Demerger (providing for carve out of Spinning Division of GHCL) is subject to receipt of the requisite approvals from the Shareholders, Creditors, and regulatory authorities (which includes National Company Law Tribunal (Ahmedabad bench), Regional Directors, Registrar of Companies, Income Tax Department, Stock Exchanges/SEBI).

The Demerged Company is inter-alia engaged in varied business verticals namely Chemical, Spinning and Home Textiles. The Chemical business is highly capital driven with long gestation period and the Textiles business (consisting of Spinning Division and Home Textiles Division), on the other hand, is dynamic, more volatile to domestic and international market conditions, heavily dependent on product innovations and development, which require different skill sets and capabilities.

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



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



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

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

C. The products, services and business(es) of the parties to the Combination:

1. GHCL Limited

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 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**').

2. GHCL Textiles Limited

Please note that GHCL Textiles Limited does not undertake any business activities yet. Post the effectiveness of the Proposed Scheme, GHCL Textiles Limited shall undertake the Spinning Division (being demerged undertaking), as mentioned above, of GHCL Limited.



D. Relevant markets(s) in which parties to the proposed Combination operate:

The Proposed Demerger primarily concerns the textiles sector in India. However, given that the Proposed Demerged is in fact just an internal restructuring exercise – a simple demerger wherein GHCL will demerge its Spinning Division into the Resulting Company and the shareholders of GHCL will receive shares in the Resulting Company in a swap ratio of 1:1 resulting in mirror shareholding pattern of the Demerged Company and the Resulting Company. Hence, we understand that it does not appear to raise any competition concerns.

Please note that GHCL Textiles Limited does not undertake any business activities yet. Post the effectiveness of the Proposed Scheme, GHCL Textiles Limited shall undertake the Spinning Division (being demerged undertaking), as mentioned above, of GHCL Limited.

For and on behalf of GHCL Limited



Bhuwleshwar Mishra
Sr. GM- Sustainability & Company secretary

Date: February 23, 2022

Place: Noida

For and on behalf of GHCL Textiles Limited



Manoj Kumar Ishwar
Authorised Signatory

Date: February 23, 2022

Place: Noida