



GHCL TEXTILES LIMITED

GHCL Textiles Limited (the “Company” or “GTL”) was incorporated as a public limited company under the Companies Act, 2013 in the state of Gujarat vide Certificate of Incorporation dated June 17, 2020 issued by the Central Registration Centre, Registrar of Companies on behalf of the Registrar of Companies, Gujarat (“RoC”). Our Company filed a declaration of commencement of business with the ROC on June 20, 2020. Our Company was incorporated as a wholly owned subsidiary of GHCL Limited. There is no change in name and registered office of our Company from the date of Incorporation of the Company. For further, see the chapter titled “History and Certain Other Corporate Matters” beginning on page 61 of this Information Memorandum.

Corporate Identity Number (CIN): U18101GJ2020PLC114004

Registered Office: GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad, Gujarat – 380009, India, Tel: 91-079-26434100

Corporate Office: GHCL House B-38, Institutional Area, Sector-1, Noida- 201301, Uttar Pradesh, India

Website: www.ghcltextiles.co.in; **Email:** secretarial@ghcltextiles.co.in; info@ghcltextiles.co.in

Contact Person Mr. Lalit Narayan Dwivedi, Company Secretary and Compliance Officer; **Tel:** +91-0120-4939926

Email: lalitdwivedi@ghcltextiles.co.in;

PROMOTERS OF OUR COMPANY

Anurag Dalmia (HUF), Anurag Dalmia, Neelabh Dalmia, Gems Commercial Company Limited, Oval Investment Pvt Ltd, Hindustan Commercial Company Limited, Lhonak Enternational Private Limited, Carissa Investment Pvt Ltd, Golden Tobacco Limited, Harvatex Engineering And Processing Company Limited, Anurag Trading Leasing And Investment Company Pvt Ltd, WGF Financial Services Ltd, Dalmia Finance Ltd, Archana Trading And Investment Company Pvt. Ltd., Bharatpur Investment Limited, Sanjay Trading Investment Company Private Limited, General Exports And Credits Limited, Pashupatinath Commercial Pvt. Ltd., Sovereign Commercial Pvt.Ltd., Dalmia Housing Finance Ltd, Trishul Commercial Pvt. Ltd., Swastik Commercial Pvt.Ltd., Alankar Commercial Private Limited, Ricklunsford Trade And Industrial Investment Ltd, Chirawa Investment Limited, Lakshmi Vishnu Investment Limited, Mourya Finance Limited, Sikar Investment Company Limited, Antarctica Investment Pvt Ltd, Comosum Investment Pvt Ltd, Lovely Investment Pvt Ltd, Altar Investment P Ltd, Ilac Investment Private Limited, Dear Investment P. Ltd., Ram Krishna Dalmia Foundation, Banjax Limited and Hexabond Limited

INFORMATION MEMORANDUM FOR LISTING OF 9,55,85,786 EQUITY SHARES OF GHCL TEXTILES LIMITED (“THE COMPANY” / “OUR COMPANY” / “GTL”) PURSUANT TO THE SCHEME OF ARRANGEMENT (THE “SCHEME”)

NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION MEMORANDUM

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest in the equity shares of our Company unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Company. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), National Stock Exchange of India Limited (“NSE”) or BSE Limited (“BSE” and collectively with NSE, “Stock Exchanges”) neither does SEBI nor either of the Stock Exchanges guarantee the accuracy or adequacy of this Information Memorandum. Specific attention of investors is invited to the statement of ‘Risk factors’ given on page 17

OUR COMPANY’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Information Memorandum contains all information with regard to our Company which is material in the context of the listing, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Information Memorandum as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The Equity Shares of our Company are proposed to be listed on BSE and NSE. For the purposes of listing of our Equity Shares pursuant to the Scheme, BSE is the Designated Stock Exchange. Our Company has submitted this Information Memorandum with BSE and NSE. The Information Memorandum will be made available on our Company's website at www.ghcltextiles.co.in; and on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com.

REGISTRAR AND SHARE TRANSFER AGENT



Link Intime India Private Limited

Address: C -101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083, Maharashtra, India.

Tel: +91-022-49186000 **Fax:** +91- 022 - 4918 6060

Website: www.linkintime.co.in

Email: ganapati.haligouda@linkintime.co.in

Contact Person: Mr.Ganapati Haligouda

SEBI Registration Number: INR000004058

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SECTION I – GENERAL

DEFINITION AND ABBREVIATIONS

This Information Memorandum uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meanings ascribed to such terms herein, and references to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification will include any amendments or re-enactments thereto, from time to time.

Notwithstanding the foregoing, terms in “Main Provisions of the Articles of Association”, “Statement of Tax Benefits”, “Industry Overview”, “Our Business”, “Risk Factors”, “Financial Statements”, “Outstanding Litigation and Other Material Developments” and “Objects and Rationale of the Scheme”, shall have the meaning ascribed to such terms in those respective sections/chapters.

Company Related Terms

| Term | Description |
|---|--|
| “GTL” or “the Company” or “Resulting Company” or “our Company” or “we” or “us” or “our” | GHCL Textiles Limited |
| “Transferee Company” or “GHCL” or “Demerged Company” | GHCL Limited |
| AOA/ Articles/ Articles of Association | The Articles of Association of our Company, as amended from time to time. |
| Appointed date | April 1, 2023 |
| Audit Committee | The Committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with the SEBI Listing Regulations and the Companies Act, 2013. For details, see the chapter titled “Our Management” on page 68 |
| Auditor or Statutory Auditor | The Statutory Auditor of our Company, being S.R. BATLIBOI & Co. LLP, Chartered Accountant |
| Board of Directors/ the Board / our Board | The Board of Directors of our Company, including all duly constituted Committee(s) thereof. |
| Chief Executive Officer | Chief Executive Officer of our Company, being Mr R. Balakrishnan |
| Chief Financial Officer | Chief Financial Officer of our Company, being Mr. Gaurav V |
| Company Secretary and Compliance Officer | Company Secretary and compliance officer of our Company appointed in terms of Regulation 6(1) of the SEBI Listing Regulations, being Mr. Lalit Narayan Dwivedi |
| Corporate Office | GHCL House B-38, Institutional Area, Sector-1, Noida- 201301 |
| Corporate Social Responsibility Committee | The Corporate Social Responsibility committee of our Company, constituted in accordance with the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as described in the chapter titled “Our Management” on page 68. |
| Demerged Undertaking or Demerged Business | Means Spinning Division of GHCL Limited |
| Draft Information Memorandum | The draft information memorandum dated April 12, 2023 filed with the Stock Exchanges |
| Director(s) | The director(s) on the Board of our Company, unless otherwise specified. |
| Effective Date | April 1, 2023 |
| Eligible Shareholders | Shall mean eligible holder(s) of the equity shares of GHCL Limited as on the Record Date. |
| Equity Shares | Unless otherwise specified, fully paid-up equity shares of our Company of face value of ₹ 2 each |
| Financial Statements/ Audited Financial Statements | Audited financial statements of our Company for the year ended March 31, 2022 and March 31, 2023 |

| Term | Description |
|--|--|
| Group Companies | The Companies with which our Company had related party transactions, during the period for which financial information is disclosed in this Information Memorandum, as covered under the applicable accounting standards, and such other companies as considered material by the Board of Directors. For further details on our Group Companies, see the chapter titled “ <i>Our Group Companies</i> ” on page 92. |
| Independent Director | A non-executive, independent director of our Company as per the Companies Act, 2013 and the SEBI Listing Regulations |
| Information Memorandum | The information memorandum dated April 12, 2023 filed with the Stock Exchanges. |
| Key Managerial Personnel / KMP | Key managerial personnel of our Company in terms of Section 2(51) of the Companies Act, 2013 and as identified in chapter titled “ <i>Our Management</i> ” beginning on page 68. |
| MOA/Memorandum/Memorandum of Association | The Memorandum of Association of our Company, as amended from time to time. |
| NCLT | The National Company Law Tribunal, Ahmedabad Bench |
| Net Worth | Net worth of our Company, in terms of Regulation 2(1)(hh) of the SEBI ICDR Regulations |
| Nomination and Remuneration Committee | The committee of the Board of Directors constituted in accordance with SEBI Listing Regulations and the Companies Act, 2013. For details, see chapter titled “ <i>Our Management</i> ” on page 68. |
| Non-Executive Director(s) | A Non-Executive director of our Company, unless otherwise specified. |
| Promoters / our Promoters | The Promotes of our Company, is GHCL Limited till the effective date of the Demerger Scheme and thereafter all the Promoters of GHCL are our Promoters. For details, see Chapter titled “ <i>Our Promoters and Promoter Group</i> ” on page 83. |
| Promoter Group | Persons and entities constituting our promoter group in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations. For details, see Chapter titled “ <i>Our Promoters and Promoter Group</i> ” on page 83. |
| Record Date | April 8, 2023 |
| Registered Office | The Registered office of our Company located at GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad 380009, Gujarat, India |
| RoC / Registrar of Companies | Registrar of Companies, Gujarat, Dadra and Nagar Haveli |
| Scheme / Scheme of Arrangement | The scheme of arrangement under the provisions of sections 230 to 232, read with section 66 and other applicable provisions of the Companies Act, 2013 between GHCL Limited (Demerged Company) and GHCL Textiles Limited (Resulting Company) and their respective shareholders and creditors, as sanctioned by the NCLT vide its order dated February 08, 2023 (certified true copy of the order was received on March 14, 2023) |
| Stakeholders Relationship Committee | The committee of the Board of Directors constituted as the Company’s stakeholders’ relationship committee in accordance with the SEBI Listing Regulations and the Companies Act, 2013. For details, see the chapter titled “ <i>Our Management</i> ” on page 68. |
| Subsidiaries or Our Subsidiaries | Subsidiaries of our Company within the meaning of section 2(87) of the Companies Act, 2013 and more fully described in the chapter titled “ <i>History and Certain Other Corporate Matters</i> ” beginning on page 61 |

Conventional and General Terms/ Abbreviations

| Term | Description |
|---------------------------|--|
| ₹/ Rs./ Rupee(s)/ INR/ Re | Indian Rupees, the official currency of the Republic of India |
| AGM | Annual General Meeting |
| AS | Accounting Standards, as issued by the Institute of Chartered Accountants of India |
| Air Act | The Air (Prevention and Control of Pollution) Act, 1981 |
| BSE | BSE Limited |
| CAGR | Compounded Annual Growth Rate |

| Term | Description |
|-------------------------------|---|
| Capital or Share Capital | Share Capital of our Company |
| CDSL | Central Depository Services (India) Limited |
| CFO | Chief Financial Officer |
| CIN | Corporate Identity Number |
| Companies Act, 1956 | <i>Erstwhile</i> Companies Act, 1956 |
| Companies Act, 2013 | Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder |
| COVID-19 | A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020 |
| CSR | Corporate Social Responsibility |
| Demat | Dematerialized |
| Depositories | NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited) |
| Depositories Act | The Depositories Act, 1996, as amended from time to time. |
| Designated Stock Exchange/DSE | BSE Limited |
| DIN | Director Identification Number |
| DP | Depository Participant |
| DP ID | Depository Participant's Identity Number |
| EBITDA | Earnings before Interest, Tax, Depreciation and Amortization |
| EPCG | Export Promotion Capital Goods |
| EGM | Extra-ordinary General Meeting |
| EPS | Earnings Per Share |
| F.Y./ Financial Year | The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year |
| FDI | Foreign Direct Investment |
| FDI Policy | Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India and any modifications thereto or substitutions thereof, issued from time to time |
| FEMA | Foreign Exchange Management Act 1999, as amended from time to time and the regulations framed there under. |
| FEMA Rules | Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 |
| FIs | Financial Institutions |
| FII(s) | Foreign Institutional Investors registered with SEBI under applicable laws |
| FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended from time to time |
| FPIs | Foreign Portfolio Investor registered with the SEBI under applicable laws in India |
| Fugitive economic offender | An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 |
| FVCI | Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000. |
| GAAR | General Anti-Avoidance Rules |
| GDP | Gross Domestic Product |
| GIR Number | General Index Registry number |
| GOI/ Government | Government of India |
| GPCB | Gujarat Pollution Control Board |
| Gratuity Act | The Payment of Gratuity Act, 1972 |
| GST Act | The Central Goods and Services Tax Act, 2017 |
| HUF | Hindu Undivided Family |

| Term | Description |
|---|---|
| I. T. Act | The Income Tax Act, 1961, as amended from time to time. |
| ICAI | Institute of Chartered Accountants of India |
| ICDR Regulations/ SEBI ICDR Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time |
| IFRS | International Financial Reporting Standards |
| IND AS | Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Rule 3 of Companies (Indian Accounting Standard) Rules, 2015 |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| INR | Indian National Rupee |
| ISIN | International Securities Identification Number allotted by the depository |
| ISO | International Organization for Standardization |
| IT Authorities | Income Tax Authorities |
| IT Rules | The Income Tax Rules, 1962, as amended from time to time |
| ID Act | The Industrial Disputes Act, 1947 |
| IFSC | Indian Financial System Code |
| IGST | Integrated GST |
| Listing Agreement | Equity listing agreements entered into between our Company and the Stock Exchanges post applicability of the SEBI Listing Regulations |
| MCA | The Ministry of Corporate Affairs, GoI |
| MD | Managing Director |
| N/A or N.A. | Not Applicable |
| NAV | Net Asset Value |
| NI Act | Negotiable Instruments Act, 1881 |
| NOC | No Objection Certificate |
| Notified Sections | The sections of the Companies Act, 2013 that have been notified by the Ministry of Corporate Affairs, Government of India |
| NR | Non Resident |
| NRE Account | Non Resident (External) Account |
| NRI | Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time |
| NRO Account | Non Resident (Ordinary) Account |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| OCB | Overseas Corporate Bodies |
| p.a. | per annum |
| p.m. | per month |
| P/E Ratio | Price Earnings Ratio |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| PBT | Profit Before Tax |
| Pvt. | Private |
| RBI | Reserve Bank of India |
| RBI Act | The Reserve Bank of India Act, 1934, as amended from time to time |
| RoNW | Return on Net Worth |
| ROE | Return on Equity |
| SCORES | SEBI Complaints Redress System |
| SCRA | Securities Contracts (Regulation) Act, 1956 as amended from time to time |

| Term | Description |
|----------------------------------|--|
| SCRR | Securities Contracts (Regulation) Rules, 1957 as amended from time to time |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 1992, as amended from time to time |
| SEBI Circular | SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, and amendment thereof. |
| SEBI (ICDR) Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendment thereof. |
| SEBI (LODR) Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and amendment thereof. |
| SEBI Insider Trading Regulations | Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, including instructions and clarifications issued by SEBI from time to time |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendment thereof. |
| SGST | State GST |
| Sec | Section |
| SME | Small Medium Enterprise |
| SSI Undertaking | Small Scale Industrial Undertaking |
| Stock Exchange (s) | BSE Limited and National Stock Exchange of India Limited |
| STT | Securities Transaction Tax |
| TAN | Tax Deduction Account Number |
| TIN | Taxpayers Identification Number |
| u/s | Under Section |
| UIN | Unique Identification Number |
| USA | United States of America |
| USD / US\$ / \$ | United States Dollar, the official currency of the United States of America |
| w.e.f. | With effect from |
| WDV | Written Down Value |
| WTD | Whole-time Director |
| Wilful defaulter | A wilful defaulter, as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations, means a person who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under Companies Act, 2013) or consortium thereof, in accordance with the guideline on wilful defaulter issued by the RBI |
| YoY | Year over year |

Technical and Industry related Terms/ Abbreviations

| Terms | Description |
|------------------|--|
| Air Act | The Air (Prevention and Control of Pollution) Act, 1981 |
| ASSOCHAM | Associated Chambers of Commerce and Industry of India |
| Bonus Act | The Payment of Bonus Act, 1965 |
| CAGR | Compounded Annual Growth Rate |
| Capital Employed | Net worth plus long term debt plus short term debt plus current maturity of long term debt less cash |
| CENVAT | Central Value Added Tax |
| CII | Confederation of Indian Industry |
| CLRA | The Contract Labour (Regulation and Abolition) Act, 1970 |
| CPI | Consumer Price Index |
| CPCB | Central Pollution Control Board |
| CSIR | Council of Scientific & Industrial Research |

| Terms | Description |
|--------------------|--|
| CSR | Corporate Social Responsibility |
| CWIP | Capital Work In Progress |
| Debt / Equity | Total debt divided by total equity |
| DIPP | Department of Industrial Policy & Promotion |
| EMS | Environmental Management System |
| EPCG | Export Promotion Capital Goods |
| ESI Act | The Employees State Insurance Act, 1948 |
| EU | European Union |
| Factories Act | The Factories Act, 1948, as amended |
| FICCI | Federation of Indian Chambers of Commerce & Industry |
| GDP | Gross Domestic Product |
| GVA | Gross value added |
| GIDC | Gujarat Industrial Development Corporation |
| IBEF | India Brand Equity Foundation |
| IMF | International Monetary Fund |
| IIP | Index of Industrial Production |
| ISO | International Organization for Standardization |
| Kg/cm ² | Kilogram per Square Centimetre |
| LLC | Limited Liability Company |
| LLP | Limited Liability Partnership |
| LFS | Large Format Stores |
| MNCs | Multinational Companies |
| MSME | Micro, Small and Medium Enterprises |
| mtpa | Metric Tonne per Annum |
| MW | Megawatt |
| OECD | Organization of Economic Cooperation and Development |
| OH&S | Occupational Health and Safety |
| QA | Quality Assurance |
| QC | Quality Control |
| QMS | Quality Management System |
| R&D | Research and Development Center |
| WPI | Wholesale Price Index |
| WEO | World Economic Outlook |
| WHO | World Health Organization |
| USD | United States Dollar |

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Convention

All references in this Information Memorandum to “India” are to the Republic of India and all references herein to the “Government”. “Indian Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless otherwise specified, any time mentioned in this Information Memorandum is in Indian Standard Time (“IST”).

Unless stated otherwise, all references to page numbers in this Information Memorandum are to the page numbers of this Information Memorandum.

Financial Data

Unless stated otherwise, the financial data in this Information Memorandum is derived from our Financial Statements. Our Company publishes its financial statements in Indian Rupees. Our financial statements, including the report issued by the Statutory Auditor have been prepared in accordance with Ind AS. For further information, see “*Financial Information*” beginning on page 97.

Our Company’s fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the 12 months period ended March 31 of that year. Unless stated otherwise, all references in this Information Memorandum to the terms Fiscal or Fiscal Year or Financial Year or FY are to the 12 months ended March 31 of such year. Our Company was incorporated on June 17, 2020 and accordingly, the reference in this Information Memorandum for Fiscal 2021 shall mean the period commencing from June 17, 2020 and ending on March 31, 2021. Unless stated otherwise, or the context requires otherwise, all references to a “year” in this Information Memorandum are to a calendar year.

Certain figures contained in this Information Memorandum, including financial information, have been subject to rounding off adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Currency of Presentation

All references to “Rupees” or “₹” or “Rs.” or “INR” or “Re” are to Indian Rupees, the official currency of the Republic of India. Our Company has presented certain numerical information in this Information Memorandum, in “Lakhs” “million” and “crores” units or in whole numbers where the numbers have been too small to represent in such units. One Lakh represents 1,00,000, One million represents 1,000,000, One crore represents 10,000,000 and one billion represents 1,000,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than lakhs or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Information Memorandum in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Industry and Market Data

Unless stated otherwise, industry and market data and various forecasts used throughout this Information Memorandum have been obtained from various publicly available sources, including industry websites and publicly available industry reports.

Industry websites and publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although we believe that industry data used in this Information Memorandum is reliable, it has not been

independently verified by our Company and our affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “*Risk Factors*” beginning on page 17. Accordingly, investment decisions should not be based solely on such information.

The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Further, the extent to which the industry and market data presented in this Information Memorandum is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

This Information Memorandum contains certain “forward-looking statements”. These forward-looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar meaning. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are based on our current plans, estimates, presumptions and expectations, and are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to the following -

- Uncertainty in relation to continuing effect of the COVID-19 pandemic on our business and operations;
- Our dependency on certain key products for a significant portion of our revenues;
- Our dependency on certain principal customers;
- Our ability to successfully implement our strategy, our growth plans;
- Dependency on our management and our ability to attract and retain qualified personnel;
- Disruption in supply of raw materials in absence of no definitive agreements;
- Concentration of customers;
- Outcome of legal or regulatory proceedings to which we, are a party to or might become involved in;
- Changes in political and social conditions in India;
- Our ability to control cost and retained key personnel;
- Our ability to compete effectively, particularly in new markets and business lines;
- Other factors beyond our control.

For a further discussion of factors that could cause our actual results to differ, refer to section titled “*Risk Factors*” beginning on page 17. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. Further, actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties or assumptions associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in its industry and incidents of any natural calamities. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

These statements are based on the management’s belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Future looking statements speak only as of the date of this Information Memorandum. Neither we nor our Promoters, Directors, or any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

SECTION II - INFORMATION MEMORANDUM SUMMARY

This section is a summary of specific disclosures included in this Information Memorandum and is not exhaustive nor does it purport to contain a summary of all disclosures or details relevant to prospective investors. For additional information and further details with respect to any of the information summarised below, please refer to the relevant sections of this Information Memorandum. Unless otherwise stated, the financial information in this section is derived from the Financial Statements.

Summary of Industry

India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY. Exports of readymade garments including cotton accessories stood at US\$ 6.19 billion in FY22.

India enjoys a comparative advantage in terms of skilled manpower and in cost of production, relative to major textile producers.

Production-linked Incentive (PLI) Scheme worth ₹ 10,683 crore (US\$ 1.44 billion) for manmade fibre and technical textiles over a five-year period. 100% FDI (automatic route) is allowed in textiles.

The Indian government has notified uniform goods and services tax rate at 12% on man-made fabrics (MMF), MMF yarns and apparel, which came into effect from January 1, 2022.

Huge funds in schemes such as Integrated Textile Parks (SITP) (US\$ 184.98 million) and Technology Upgradation Fund Scheme (US\$ 961.11 million) released by the Government during 2015-16 to 2019-20 to encourage more private equity and provide employment.

Summary of Business

Prior to the Scheme of Arrangement approved by Hon'ble NCLT, Ahmedabad Bench, our Company was wholly owned Subsidiary of the GHCL Limited. Pursuant to the Scheme becoming effective, the whole of the "textile business including spinning" referred as Demerged Undertaking under the Scheme, has been demerged from the GHCL Limited and vested into our Company with effect from the appointed date of the Scheme i.e. April 01, 2023

Pursuant to vesting of the aforesaid Demerged Undertaking, our company incorporated with the objective to engage in business of textiles including spinning.

Promoters / Promoter Group of Our Company

The Promoters of our Company are Anurag Dalmia (HUF), Anurag Dalmia, Neelabh Dalmia, Gems Commercial Company Limited, Oval Investment Pvt Ltd, Hindustan Commercial Company Limited, Lhonak International Private Limited, Carissa Investment Pvt Ltd, Golden Tobacco Limited, Harvatex Engineering And Processing Company Limited, Anurag Trading Leasing And Investment Company Pvt Ltd, WGF Financial Services Ltd, Dalmia Finance Ltd, Archana Trading And Investment Company Pvt. Ltd., Bharatpur Investment Limited, Sanjay Trading Investment Company Private Limited, General Exports And Credits Limited, Pashupatinath Commercial Pvt. Ltd., Sovereign Commercial Pvt.Ltd., Dalmia Housing Finance Ltd, Trishul Commercial Pvt. Ltd., Swastik Commercial Pvt.Ltd., Alankar Commercial Private Limited, Ricklunsford Trade And Industrial Investment Ltd, Chirawa Investment Limited, Lakshmi Vishnu Investment Limited, Mourya Finance Limited, Sikar Investment Company Limited, Antarctica Investment Pvt Ltd, Comosum Investment Pvt Ltd, Lovely Investment Pvt Ltd, Altar Investment P Ltd, Ilac Investment Private Limited, Dear Investment P. Ltd., Ram Krishna Dalmia Foundation, Banjax Limited and Hexabond Limited.

For further details, see the chapter titled "Our Promoters and Promoter Group" on page 83.

Shareholding of our Promoters and Promoter Group

Set forth below are the details of the shareholding of our Promoters and members of our Promoter Group as on data of this Information Memorandum:

| Name of person/ Entity | Category | No. of Equity Shares held | % of total shares of the Company |
|------------------------|----------|---------------------------|----------------------------------|
| Anurag Dalmia HUF | Promoter | 585124 | 0.61 |
| Mr. Anurag Dalmia | Promoter | 120225 | 0.13 |
| Mr. Neelabh Dalmia | Promoter | 109650 | 0.11 |

| Name of person/ Entity | Category | No. of Equity Shares held | % of total shares of the Company |
|---|----------------|---------------------------|----------------------------------|
| Hindustan Commercial Company Limited | Promoter | 2944737 | 3.08 |
| Gems Commercial Company Limited | Promoter | 2940207 | 3.08 |
| Oval Investment Private Limited | Promoter | 2588848 | 2.71 |
| Lhonak Enternational Private Limited | Promoter | 1365599 | 1.43 |
| Carissa Investment Private Limited | Promoter | 481752 | 0.50 |
| Harvatex Engineering And Processing Company Limited | Promoter | 415723 | 0.43 |
| Wgf Financial Services Ltd | Promoter | 378807 | 0.40 |
| Anurag Trading Leasing And Investment Company Private Ltd | Promoter | 287200 | 0.30 |
| Dalmia Finance Ltd | Promoter | 200244 | 0.21 |
| Archana Trading And Investment Company Private Limited | Promoter | 132848 | 0.14 |
| Bharatpur Investment Limited | Promoter | 38842 | 0.04 |
| Sanjay Trading Investment Company Private Limited | Promoter | 29100 | 0.03 |
| General Exports And Credits Limited | Promoter | 17000 | 0.02 |
| Golden Tobacco Limited | Promoter | 16578 | 0.02 |
| Pashupatinath Commercial Pvt. Ltd. | Promoter | 15000 | 0.02 |
| Sovereign Commercial Pvt. Ltd. | Promoter | 6000 | 0.01 |
| Dalmia Housing Finance Limited | Promoter | 5707 | 0.01 |
| Trishul Commercial Pvt. Ltd. | Promoter | 5100 | 0.01 |
| Swastik Commercial Pvt. Ltd. | Promoter | 3700 | 0.00 |
| Alankar Commercial Private Limited | Promoter | 2600 | 0.00 |
| Ricklunford Trade And Industrial Investment Ltd | Promoter | 1960 | 0.00 |
| Chirawa Investment Limited | Promoter | 1860 | 0.00 |
| Lakshmi Vishnu Investment Limited | Promoter | 1860 | 0.00 |
| Mourya Finance Limited | Promoter | 1860 | 0.00 |
| Sikar Investment Company Limited | Promoter | 1800 | 0.00 |
| Antarctica Investment Pvt Ltd | Promoter | 768 | 0.00 |
| Comosum Investment Pvt Ltd | Promoter | 701 | 0.00 |
| Lovely Investment Pvt Ltd | Promoter | 645 | 0.00 |
| Altar Investment P Ltd | Promoter | 318 | 0.00 |
| Ilac Investment Private Limited | Promoter | 217 | 0.00 |
| Dear Investment P. Ltd. | Promoter | 55 | 0.00 |
| Ram Krishna Dalmia Foundation | Promoter Group | 0 | 0.00 |
| Banjax Limited | Promoter | 2789700 | 2.92 |
| Hexabond Limited | Promoter | 2718200 | 2.84 |
| Total | | 18210535 | 19.05 |

Summary of Financial Information

The following information has been derived from the Audited financial statements for the year ended March 31, 2023 and for the year ended March 31, 2022:

| Particulars | (Amt in ₹) | |
|---|---------------------------|---------------------------|
| | Year Ended March 31, 2023 | Year Ended March 31, 2022 |
| Equity Share Capital | 100000 | 100000 |
| Net Worth | (38243) | 30049 |
| Total Revenue | 0 | 0 |
| Profit after tax | (68,292) | (11,800) |
| Earnings per share (Basic) | (1.37) | (0.24) |
| Earnings per share (Diluted) | (1.37) | (0.24) |
| Net Asset Value per equity share (In ₹) | (3.82) | 3.00 |
| Total borrowings | 0 | 0 |

Audit Qualifications:

There have been emphasis of matter by our Auditor in the financial statements for the year ended March 31, 2023:

In financial statement note 10, which indicates that the demerger would be accounted on the Appointed date mentioned in the Scheme of Arrangement i.e. date of filing of certified true copy of the National Company Law Tribunal order along with the sanctioned Scheme with the Registrar of Company, instead of accounting of demerger in the current year from the beginning of the comparative period presented in the financial statements, since the substantial conditions relating to transfer of demerged undertaking were met during the current year, as required under applicable Indian Accounting Standards prescribed under Section 133 of the Act.

Accordingly, no accounting treatment in respect of the demerger has been carried out in these financial statements, as the approved Scheme would prevail over the applicable Indian Accounting Standards. Auditor opinion is not modified in respect of this matter.

Summary of Outstanding Litigations

The summary of outstanding or pending litigations involving our Company, Directors and Promoters as applicable, on the date of this Information Memorandum is set out below:

| Sr. No. | Name of the entity | Criminal proceedings | Tax proceedings | Statutory/Regulatory proceedings | Material civil litigation | Aggregate amount involved (INR Lakhs) |
|---------|---------------------------------|----------------------|-----------------|----------------------------------|---------------------------|---------------------------------------|
| 1 | Company | | | | | |
| | By the Company | 2 | NIL | NIL | 4 | 703 |
| | Against the Company | NIL | 1 | NIL | 12 | 46.24 |
| 2 | Directors | | | | | |
| | By the Directors | NIL | NIL | NIL | NIL | NIL |
| | Against the Directors | NIL | NIL | NIL | NIL | NIL |
| 3 | Promoters | | | | | |
| | By the Promoters | NIL | 5 | NIL | NIL | 1556 |
| | Against the Promoters | NIL | NIL | NIL | 2 | 765 |
| 4 | Group Company (GHCL Ltd) | | | | | |
| | By the Group Company | 8 | 30 | NIL | 9 | 8997 |
| | Against the Group Company | NIL | 33 | NIL | 9 | 7634 |

For further details, see the chapter titled “*Outstanding Litigations and Material Developments*” on page 148

Risk Factors

See the section titled “*Risk factors*” beginning on page 17.

Summary of Contingent Liabilities

There are no contingent liabilities as at March 31, 2023.

Related Party Transactions

(Amt in ₹)

| Nature of transaction | Related parties with whom transactions have taken place | March 31, 2023 | March 31, 2022 |
|---------------------------------|---|----------------|----------------|
| Repayment of loans & advances | GHCL Limited (Holding Company) | 11,800 | - |
| Net Receipt of loans & advances | | - | 11,800 |

For further details, see the section titled “*Financial Statements*” beginning on page 97.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of our Promoter Group, or our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of business of the financing entity, during a period of six months immediately preceding the date of this Information Memorandum.

Weighted Average Price of acquisition of the Equity Shares by our Promoters in the last one year

The weighted average price at which Equity Shares were acquired by our Promoters in the one year preceding the date of this Information Memorandum is not applicable as the Equity Shares are acquired by our Promoters pursuant to the Scheme only.

Issue of Equity Shares for consideration other than cash in last one year

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Information Memorandum, except as set forth below:

| Date of allotment* | No. of Equity Shares allotted | Face value per Equity Share | Nature of allotment | Nature of consideration |
|--------------------|-------------------------------|-----------------------------|------------------------------|-------------------------|
| April 12, 2023 | 9,55,85,786 | 2 | Allotment pursuant to Scheme | Pursuant to the Scheme |

*Allotment to the eligible shareholders of the Demerged Company. For further details of the Scheme, see Scheme of Arrangement on page 13

Split / Consolidation of Equity Shares in the last one year

Our Company has not undertaken split or consolidation of the Equity Shares in the one year preceding the date of this Information Memorandum.

SECTION III – RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in the Equity Shares of our Company.

If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our Company’s business, results of operations and financial condition could suffer, the price of the Equity Shares could decline, and all or part of your investment may be lost. Unless otherwise stated, our Company is not in a position to specify or quantify the financial or other risks mentioned herein. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with “Our Business”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Statements” on pages 54, 47, 143 and 97, respectively, as well as the other financial and statistical information contained in this Information Memorandum.

Wherever used in this section, unless otherwise stated, the terms “we”, “us” “our” shall mean Our Company including Agrochemical and Pigment Undertaking transferred pursuant to Scheme.

INTERNAL RISKS FACTORS

1. We do not currently have long term contracts or exclusive supply arrangements with any of our suppliers.

We do not currently have long term contracts or exclusive supply arrangements with any of our suppliers. It is possible that some of our existing suppliers may choose to discontinue operations, or offer more viable terms or enter into exclusive arrangements with our competitors. A major disruption to the timely and adequate supplies of our raw materials or deterioration in the quality of raw materials could adversely affect our business, results of operations and financial condition.

2. We may face uncertainties in the integration of the Demerged undertaking into our company in timely manner.

The Company was incorporated as a wholly owned Subsidiary of the GHCL Limited. Pursuant to the Scheme, Spinning Business of the GHCL Limited have been transferred to and vested into our Company from the Effective Date and the integration of the same is currently in progress. While post the Effective Date, all the employees including experienced personnel in the Spinning division have been transferred to our Company. Our Company may be unable to effectively integrate the Spinning division, and efficiently operate the consequent business, thereby adversely impacting the results of the Company’s operations and profitability of the business. Further, all the properties, approvals, intellectual property rights and contracts of the Spinning division of GHCL Limited are required to be transferred to and mutated in the name of our Company in the records of government and other authorities. Inability to effect all such transfers and mutation in a timely manner may impact the ability of our Company to carry on and undertake business operations, in compliance with applicable laws.

3. Our Company, our Directors and our Promoters are involved in certain legal and other proceedings. An adverse outcome in such proceedings may have a material adverse effect on our business, results of operations and financial condition.

Our Company, our Directors and our Promoters are currently involved in certain legal proceedings in India as under:

| Sr. No. | Name of the entity | Criminal proceedings | Tax proceedings | Statutory/Regulatory proceedings | Material civil litigation | Aggregate amount involved (INR Lakhs) |
|---------|---------------------|----------------------|-----------------|----------------------------------|---------------------------|---------------------------------------|
| 1 | Company | | | | | |
| | By the Company | 2 | NIL | NIL | 4 | 703 |
| | Against the Company | NIL | 1 | NIL | 12 | 46.24 |

| | | | | | | |
|---|---------------------------------|-----|-----|-----|-----|------|
| 2 | Directors | | | | | |
| | By the Directors | NIL | NIL | NIL | NIL | NIL |
| | Against the Directors | NIL | NIL | NIL | NIL | NIL |
| 3 | Promoters | | | | | |
| | By the Promoters | NIL | 5 | NIL | NIL | 1556 |
| | Against the Promoters | NIL | NIL | NIL | 2 | 765 |
| 4 | Group Company (GHCL Ltd) | | | | | |
| | By the Group Company | 8 | 30 | NIL | 9 | 8997 |
| | Against the Group Company | NIL | 33 | NIL | 9 | 7634 |

These legal proceedings are pending at different levels of adjudication before various courts and tribunals. We can give no assurance that these legal proceedings will be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, a change in Indian law or rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares.

For further details of these legal proceedings, please see “*Outstanding Litigations and Material Developments*” on 148.

4. If we are not able to procure, renew or maintain, as the case may be, the statutory or regulatory permits or third party approvals required to operate our business or effectively transfer and integrate the Demerged Undertaking, it may have a material adverse effect on our business.

We require certain statutory and regulatory permits and approvals to operate our business. We are also required to renew certain permits and approvals from time to time. Similarly, the effective transfer and integration of the Demerged Undertaking may be subject to the receipt of various statutory and regulatory approvals and other third party consents. While we believe that we will be able to procure or renew such permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any or all requisite permits or approvals in the time-frame anticipated by us. Failure to procure, renew or maintain the required permits or approvals may result in the interruption of our operations or delay or prevent our vertical integration, and may have a material adverse effect on our business, financial condition and results of operations. Further, change in law or any change in the interpretation of an existing law since the date of filing of the Scheme with the NCLT, if any, may also impact our ability to procure any necessary consents or approval for transfer of the Demerged Undertaking.

5. We have entered into, and will continue to enter into, related party transactions.

We have entered into certain transactions with related parties and may continue to do so in future. These transactions are undertaken at arms-length basis in the ordinary course of business.

For details of Related Party Transactions, please refer to chapter “Financial Statements” on page 97 of this Information Memorandum.

6. We face competition from both domestic and international competitors.

We operate in a highly competitive environment. Players in this market generally compete with each other on key attributes such as technical competence, quality of products and services, pricing and track record.

There are competitors in India having similar business as our Company. We compete against our competitors on our quality, technical competence, distribution channels, logistics facilities, after sales service and customer relationships. There is no assurance that we will continue to compete successfully in future.

Some of our competitors may be able to price their products more attractively or may be able to distribute their products more effectively through establishing better distribution networks, or may have greater access to capital, superior manufacturing techniques, research and development, marketing and other resources. Our inability to remain sufficiently competitive will adversely and materially affect our business and operating results.

The occurrence of any of those events could have a material adverse effect on our ability to compete against our competitors, which would have an adverse impact on our business and financial performance.

7. Our business, results of operations and financial condition may be adversely affected if operations at the facilities of our raw material suppliers are disrupted.

The facilities of our raw material suppliers are subject to various operating risks, including some of which are beyond their control, such as the breakdown and failure of equipment, industrial accidents, employee unrest, severe weather conditions and natural disasters. Further, since a significant majority of the facilities of our raw materials suppliers are located in a particular region in India, any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting this region may adversely affect operations at our raw materials suppliers' facilities. Further, if our suppliers fail to comply with applicable laws, including environmental laws, they risk having their facilities shut down, which may adversely affect our operations. The occurrence of any such event may adversely affect our business, results of operations and financial condition. Any inability on our part to arrange for alternate sources for raw materials, on commercially acceptable terms, may have an adverse effect on our business, results of operations and financial condition.

8. Our inability to identify customer demand accurately and maintain an optimal level of inventory in our stores may impact our operations adversely.

The success of our business depends upon our ability to anticipate and forecast customer demand and trends. Any error in our forecast could result in either surplus stock, which we may not be able to sell in a timely manner, or at all, or under stocking, which could affect our ability to meet customer demand. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a full range of products at our stores.

9. We are required to maintain various licences and permits for our business.

Our business is subject to applicable government regulations and legislations and we require certain statutory and regulatory approvals, licences, registrations and permissions for operating our business. These permits, licences and approvals may also be tied to numerous conditions and terms, obtaining some of which may be time consuming and may incur high cost. We cannot assure you that we will be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, which may lead to cancellation, revocation or suspension of relevant permits, licenses, registrations and approvals. There is no assurance in the future that the permits, licenses, registrations and approvals applied for or held by us will be issued, approved or renewed in a prompt manner, or at all, under applicable laws. Further, applications for approvals, licences, registrations and permissions for operating our business need to be made within certain timeframes and are often subject to the discretion of relevant authorities. If we are unable to make applications or renew or obtain necessary permits, licences and approvals on acceptable terms, in a timely manner, at a reasonable cost, or at all or in the event we fail to comply with the terms and conditions therein, it could materially and adversely affect our financial condition and results of operations, including cancellation, revocation or suspension of relevant permits, licenses, registrations and approvals and the imposition of penalties by relevant authorities.

10. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our equity shares

Whether we will pay dividends in the future and the amount of any such dividends, if declared, will depend on a number of factors, including our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and other factors considered relevant by our Board and shareholders. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our equity shares. Our ability to pay dividends may also be restricted under certain financing arrangements that we have and may enter into. There can be no assurance that we will, or have the ability to, declare and pay any dividends on the equity shares at any point in the future. Further, we may not be able to fund the growth requirements of our businesses.

11. We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

12. Any future equity offerings may lead to dilution of your shareholding in our Company

As an investor in our equity shares, you may experience dilution in your shareholding to the extent that we make future equity offerings or issue stock options under any employee stock option scheme. Further, any perception or belief that further issues might occur may adversely affect the trading price of our Equity Shares.

13. We may not be able to implement our business strategies or sustain and manage our growth, which may adversely affect our business, results of operations and financial condition.

The success of our business will depend greatly on our ability to implement our business strategies effectively. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will continue to execute our strategies on time and within the estimated budget, or that we will meet the expectations of our customers and clients. We expect our strategies to place significant demands on our management and other resources and require us to continue developing and improving our financial, operation and other internal controls. Our inability to manage our business strategies could have an adverse effect on our business, financial condition and profitability.

14. This Information Memorandum contains details from publicly available information

We have not independently verified data obtained from industry publications and other external sources referred to in this Information Memorandum and therefore, while we believe them to be accurate, complete and reliable, we cannot assure you that they are accurate, complete or reliable. Such data may also be produced on different bases. Therefore, discussions of matters relating to India, its economy, the textile industry, are subject to the caveat that the statistical and other data upon which such discussions are based may be inaccurate, incomplete or unreliable. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy, adequacy or completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry and government sources and publications are also prepared on the basis of information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions that may prove to be incorrect.

15. Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.

Our operations are subject to inherent risks and hazards which may adversely impact our profitability, such as fire, riots, third party liability claims, loss-in-transit and natural disasters. Presently, we have taken comprehensive insurance policies covering our manufacturing units. Our insurance policies include industrial all risk policy-covers material damage as well as business interruption, fire & allied perils, burglary and breakdown of machinery, boiler explosion & damage to electronic equipment's etc. There are many events that could cause significant damages to our operations, or expose us to third party liabilities, whether or not known to us, for which we may not be insured or adequately insured, which in turn may expose us to certain risks and liabilities. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honored fully, in part, or on time. If we were to incur a significant liability for which we were not fully insured, it could adversely affect our results of operations and financial position.

16. Our funding requirements and deployment of funds are based on management estimates and have not been independently appraised, and may be subject to change based on various factors, some of which are beyond our control.

Our funding requirements and deployment of funds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or another independent agency. Furthermore, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which may be beyond our control.

17. Supply interruptions, any shutdowns of our manufacturing facilities or other manufacturing or production problems caused by unforeseen events may reduce sales and adversely affect our business, financial condition and results of operations.

Any social or political unrest or natural disaster or breakdown of services and utilities including disruptions in infrastructural facilities such as electricity and water supply to such units, which could require us to incur additional costs or disrupt our operations to the extent that we would be required to find alternative sources of supply of such infrastructural facilities. The occurrence of any of these risks could affect our operations by causing production at one or more facilities to shut down or slow down. No assurance can be given that one or more of the factors mentioned above will not occur, and this could have a material adverse effect on our results of operations and financial condition.

18. An inability to attract, recruit and retain our senior management and other key personnel could adversely affect our business and results of operations

The success of our business is largely dependent on our directors, senior management and other key personnel. We are unable to assure you that we shall be able to retain any or all of our senior management personnel or attract new senior management personnel in case of such attrition. The loss of the services of our directors, senior management or other key personnel may have an adverse effect on our business or results of operations.

19. Non-compliance with and changes in environmental laws and other applicable regulations, may adversely affect our business, results of operations, financial condition and cash flows.

We are subject to laws and government regulations, including in relation to environmental protection. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, natural resource conservation and / or other aspects of our manufacturing operations. Further, our products, including the process of manufacture and distribution of such products, are subject to regulations to environment pollution prevention and control. Despite ensuring safety measures and adequate training, there could be possibilities of not being able to comply with all the regulations due to various reasons including technical viability or enough competency of people handling, resulting in violation that could result in personal injury or loss of life, substantial damage to or destruction of property and equipment resulting in the suspension of operations. Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our manufacturing facilities may release into the air and water. The discharge of materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to litigation, which could lower our profits in the event we were found liable, and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our manufacturing plants, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers.

20. Significant disruptions of our information technology systems and/or infrastructure or breaches of our data security could adversely affect our business.

A significant invasion, interruption, destruction or breakdown of our information technology systems and/or infrastructure by persons with authorized or unauthorized access could negatively impact our business and operations. In the ordinary course of our business, we collect and store sensitive data in our data centers and on our networks, including intellectual property, proprietary business information (both ours and that of our customers, suppliers and business partners) and personally identifiable information of our employees. We could also experience business interruption, information theft, legal claims and liability, regulatory penalties and/or reputational damage from cyber-attacks, which may compromise our systems and lead to data leakage either internally or at our third party providers. Our systems may be the target of malware and other cyber-attacks. Although we have not encountered any significant disruptions or breaches that have had a material impact on the Group's financial condition and/or operations and have invested in measures to reduce these risks we cannot guarantee that these measures will be successful in preventing compromise and/or disruption of our information technology systems and/or infrastructure and related data. In addition, we may be subject to claims as a result of any theft or misuse of personal information of customers stored on our systems, all of which could adversely affect our results of operations and financial condition.

- 21. As part of our growth strategy, we may make significant investments to expand production capacity and service capabilities and acquire and develop new businesses and products, and if we are unable to implement these investments and developments in a timely manner, our business and results of operations could be adversely affected.**

Our inability to successfully increase production capacity utilization to meet increasing customer demands could lead to loss of business, which would adversely affect our business, results of operation and financial condition. Further, if we are unable to expand our production capacity or increase utilization as needed, our business financial results will be adversely impacted. In the event of excess production, we might also have to bear the cost of disposing the excess products. Any change in the above factors, or lower generation of sufficient funds from operations, may lead to decisions to delay, modify or forego some aspects of our growth strategies. Our future results of operations may be adversely affected if we are unable to implement our growth strategies.

- 22. Registered office is owned by GHCL Limited.**

Our registered office is situated at GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad, Gujarat – 380 009. The premises is owned by GHCL Limited. GHCL Limited vide its letter dated February 21, 2023 has conveyed its no-objection for using the said premises as its registered office. However, there can be no assurance that we will continue to have the right to use such premises.

- 23. Our trademark and corporate logo is not registered**

Currently, the logo utilised by our Company is not yet registered in the name of our Company. Recently, our Company has made application for registration of logo under the Trade Marks Act, 1999. Our ability to market and sell our products depends upon the recognition of our brand name and associated consumer goodwill. Consequently, we do not enjoy the statutory protections accorded to registered trademarks in India for the corporate name and logo of our Company. In the absence of such registrations, competitors and other companies may challenge the validity or scope of our intellectual property right over these brands or our corporate name or logo. As a result, we may be required to invest significant resources in protecting our intellectual property rights and developing new brands or names, which could materially and adversely affect our business, financial condition, results of operations and prospects.

EXTERNAL RISK FACTORS

- 24. Weak economic conditions may have an adverse impact on our Company's business, financial condition and results of operations.**

The global credit markets have experienced, and may continue to experience, significant volatility and may continue to have a significant adverse effect on the availability of credit and the confidence of the financial markets, including in India. This volatility could result in softening of demand for the products and services of the Company to a lack of consumer confidence and decreased affordability and may adversely affect our Company's business, financial condition, results of operations and prospects. Additionally, economic and market conditions can adversely affect the performance of our Company since both the revenues and costs of our business lines are linked not only to the consumption abilities of the general public and disposable income available with them, but also, to macro-economic factors like interest rates, currency movements, and inflation.

- 25. Taxes and other levies imposed by the Government of India or State Governments relating to our Company's business may have a material adverse effect on our business.**

Taxes and other levies imposed by the Central or State Governments that could potentially affect the costs of our products and services include, goods and service tax, state value added tax, state entry tax and import duties. Any increase or changes in any of these taxes or levies, including an imposition of new taxes or levies in future, may have a material adverse impact on the business, profitability and financial condition of our Company.

- 26. Change in the Government of India's economic liberalization, deregulation policies and Political instability could adversely affect our business and the price of our Equity Shares.**

The Government of India has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Unfavorable government policies including those relating to the internet and ecommerce, consumer protection and data-privacy, could adversely affect business and economic conditions in India, and could also affect our ability to implement our strategy and our future financial performance. Since 1991, successive governments, including coalition governments, have pursued policies of economic

liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. However, the members of the Government of India and the composition of the coalition in power are subject to change. As a result, it is difficult to predict the economic policies that will be pursued by the Government of India. The rate of economic liberalization could change and specific laws and policies affecting the financial services industry, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business.

A change in the Government in the future may result in a significant change in the Government's policies that may adversely affect business and economic conditions in India and may also adversely affect our business, financial condition and results of operations.

27. Changes in Government policies.

Changes in Government policy on Allied Healthcare and real estate could adversely affect our business prospects, competitive position, or our costs. Changes in interest rates, changes in tax laws etc. may have an adverse impact on the profitability of our Company. Due to the competitive nature of the market, the increase in costs as a result of these changes may not be easily passed on to the customers.

28. Communal disturbances, riots, terrorist attacks and other acts of violence or war involving India or other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.

India has experienced communal disturbances, terrorist attacks and riots during recent years. Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business and may adversely affect the Indian stock markets where our Equity Shares will trade as well as the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our business and profitability. Also, India or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. Any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of our Equity Shares. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighbouring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect client confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares

29. Any downgrading of India's sovereign rating by an independent agency may harm our ability to raise financing.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

30. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the USD has fluctuated in recent years and may continue to fluctuate substantially in the future, which

may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

31. Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods etc. in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operations as well as the price of the Equity Shares.

32. Rapid and Volatile changes in market affecting our demand and planning forecasts may have an adverse effect on our business, results of operations and financial condition.

Our business depends on our estimate of the long-term demand for our products from our customers. Rapid and Volatile changes in the market can undermine the long term planning of sales production and inventory thereby affecting the results of our operations and financial situation. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. While we forecast the demand for our products and accordingly plan our production volumes, any error in our forecast could result in surplus stock, which may not be sold in a timely manner. Our inability to match forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations, cash flows and financial condition.

33. Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be similar to the shareholders' rights under the laws of other countries or jurisdictions.

34. Delay in listing of equity shares on Stock Exchanges.

In accordance with the Scheme, the Equity Shares of our Company shall be listed on BSE and NSE. The listing of Equity shares is subject to relaxation under Rule 19(2) (b) of the SCRR being granted by SEBI.

There could be a failure or delay in listing the Equity Shares on the Stock Exchanges which may result investors' ability to dispose of their Equity Shares.

35. There is no prior trading history for the Equity Shares.

Since the Equity Shares have not been previously traded, their market value is uncertain. Following admission, the market price of the Equity Shares may be volatile. Our Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. At the same time, market conditions may affect the price of our Company's Equity Shares regardless of the operating performance of our Company. Stock market conditions are affected by many factors, such as general economic and political conditions, terrorist activity, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards the retail market and the supply and demand of capital.

36. There is no guarantee that, once listed, there will be a liquid market for the Equity Shares.

There is no public market for the Equity Shares prior to the listing and an active public market for the Equity Shares may not develop or sustain after the allotment of Equity Shares. Listing of the Equity Shares does not guarantee that a trading market for the Equity Shares will develop. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results of our Company, market conditions specific to the industry we operate in, developments relating to India, volatility in the securities markets in India and other jurisdictions, variations in the growth rate of financial indicators, variations in revenue or earnings estimates by research publications, and changes in economic, legal and other regulatory factors. Accordingly, prospective shareholders should be prepared to hold their Equity Shares for an indefinite period of time

37. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. As per Finance Act, long term capital gains exceeding ₹1 Lakh arising from sale of equity shares on or after April 1, 2018 is taxable. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

38. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Pursuant to listing, we will be subject to a daily "circuit breaker" imposed by the Stock Exchanges, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding shareholders ability to sell Equity Shares at any particular time.

39. Foreign investors are subject to foreign investment restrictions under Indian law that limit our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.

Under foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing or reporting requirements and does not fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

SECTION IV – INTRODUCTION

GENERAL INFORMATION

Our Company was incorporated as a public limited company under the Companies Act, 2013, in the state of Gujarat, India under the name of GHCL Textiles Limited pursuant to a certificate of incorporation dated June 17, 2020 issued by the Central Registration Centre, Registrar of Companies on behalf of the Registrar of Companies, Gujarat (“RoC”). Our Company filed declaration of commencement of business with the RoC on June 20, 2020. Our Company was incorporated as a wholly owned subsidiary of GHCL Limited. The Corporate Identity Number (CIN) of our Company is U18101GJ2020PLC114004. There is no change in name and registered office of our Company from the date of Incorporation of the Company.

The National Company Law Tribunal, Ahmedabad bench, vide its order dated February 8, 2023 approved the Scheme of Arrangement between GHCL Limited and our Company in accordance with Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

Pursuant to the Scheme becoming effective, the whole of the “textile business including spinning” referred as Demerged Undertaking under the Scheme, has been demerged from the GHCL Limited and vested into our Company with effect from the appointed date of the Scheme i.e. April 01, 2023

Registered Office of our Company

GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad Gujarat 380009 India
Tel No: 079-26434100

Corporate Office of our Company

GHCL House B-38, Institutional Area, Sector-1, Noida- 201301 India
Tel No: 0120-2535335, 0120-4939900
Website: www.ghcltextiles.co.in

Registrar of Companies

Our Company is registered with the Registrar of Companies, Gujarat at Ahmedabad
ROC Bhavan, Naranpura, Ahmedabad -380 013, Gujarat.
Website: www.mca.gov.in

Board of Directors of Our Company

The following table sets out details regarding our Board as on the date of this Information Memorandum:

| Sr. No. | Name of Director | Designation | DIN | Address |
|---------|------------------------|-------------------------|----------|---|
| 1. | Dr. Manoj Vaish | Independent Director | 00157082 | B - 305, Paradise, Raheja Vihar, Powai. Mumbai 400072 |
| 2. | Mrs. Vijaylaxmi Joshi | Independent Director | 00032055 | 564, Shriniketan CGHS Plot No. 1, Sector-7, Dwarka New Delhi - 110075 |
| 3. | Mr. Arun Kumar Jain | Independent Director | 07563704 | House No - B 802 Prateek Stylome, Sector-45, Noida -201303 (UP) |
| 4. | Mr. Ravi Shanker Jalan | Non- Executive Director | 00121260 | 330, Mandakini Enclave Alakhnanda, New Delhi 110019 |
| 5. | Mr. Raman Chopra | Non- Executive Director | 00954190 | C-143, Sector-44, Noida 201303 |
| 6. | Mr. Neelabh Dalmia | Non- Executive Director | 00121760 | 9, Tees January Marg, New Delhi, 110011, Delhi, India |

For further details of our Board of Directors, see the chapter titled “*Our Management*” beginning on page 68.

Chief Executive Officer

Name: R. Balakrishnan

Address: H 13, Shanthi Sadan, Melakkal Main Road,
Near Muthaya Temple, Kochadai,
Madurai – 625016, Tamil Nadu, India

Telephone: +91-9952420421

Email: rbalu@ghcltextiles.co.in

Chief Financial Officer

Name: Mr. Gaurav V

Address: C 14,3h, V G N Brixton, Vellanthalangal Village,
Irungattukottal, Mevalurkuppam
Kancheepuram, Tamil Nadu-602105

Telephone: +91-9840002933

Email: gaurav.v@ghcltextiles.co.in

Company Secretary & Compliance Officer

Name: Mr. Lalit Narayan Dwivedi

Address: 936, Nageshwar Nath Mandir, Ram Ki Paidi,
Ayodhya UP -224123

Telephone: +91-9953586927

Email: lalitdwivedi@ghcltextiles.co.in

Statutory Auditor

S R BATLIBOI & CO LLP,
Golf View Corporate Tower – B
Sector 42, Sector Road
Gurugram – 122 002, Haryana, India

Telephone: +91 124 6816000;

Email: sonika.loganey@srb.in

Peer Review No.: 011170

Firm Registration No.: 301003E / E300005

Registrar and Share Transfer Agent

Link Intime India Private Limited

Address: C -101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083, Maharashtra, India.

Tel: +91-022-49186000 **Fax:** +91- 022 - 4918 6060

Website: www.linkintime.co.in

Email: ganapati.haligouda@linkintime.co.in

Contact Person: Mr.Ganapati Haligouda

SEBI Registration Number: INR000004058

Bankers to the Company

| | |
|--|---|
| <p>IDBI Bank IDBI Bank, IDBI Complex, Near Lal Bunglow, Off. C.G.Road Ahmedabad-380006 Tel: +91- 9820231147 Website: www.idbibank.in Contact Person: Ms. Teena Gawande. DGM & Relationship Manager E-mail: esha.shah@idbi.co.in, teena.gawande@idbi.co.in</p> | <p>Union Bank of India Union Bank of India, Large Corporate Branch, C U Shah Chambers, Near Gujarat Vidyapith, Ashram Road, Ahmedabad – 380014 Tel.: +91- 9920422339 Website:www.unionbankofindia.co.in Contact Person: Mr. Sandip Patadia, Chief Manage E-mail: ifbahmedabad@unionbankofindia.com sandip.patadia@unionbankofindia.bank</p> |
| <p>SBI Bank Commercial Clients Group Branch, 58 Shrimali Society, Navrangpura Ahmedabad- 380 009 Tel. : +91-079-26440163, 76000 13129 Website: www.sbi.co.in Contact Person: Mr. SPK Pradhan AGM & Relationship Manager E-mail: amt3.cagahd@sbi.co.in</p> | <p>HDFC Bank HDFC Bank Ltd, Corporate Banking Dept,HDFC Bank House, 3rd Floor,Near Mithakali Six Roads,Navrangpura,Ahmedabad-380009 Tel.: +91- 9328235550 Website: www.hdfcbank.com Contact Person: Mr. Sauin Jalan- Dy VP and Relationship Manager E-mail: servicedesk.ahmedabad@hdfcbank.com, Saurin.Jalan@hdfcbank.com</p> |
| <p>ICICI Bank JMC House, Large Clients Group, Ahmedabad Tel. : +91-7043536096 Website : www.icicibank.com Contact Person : Ms. Roma Dave. Relationship Manager E-mail: roma.dave@icicibank.com, kishan.chandarana@icicibank.com</p> | <p>CTBC Bank Gr. Floor & 2nd Floor, Aria Tower,JW Marriott Hotel, Delhi- Aerocity,Asset Area-4, New Delhi-110037 Tel. : +91-9910421376, +91-11-43688817 Website : www.ctcbank.com Contact Person : Mr. Ashish Narula, Associate Director Marketing E-mail: ashish.narula@ctcbank.com</p> |
| <p>IDBI Bank Specialised Corporate Branch - Madurai, Viruman Centre, 1st floor, 19/1 Pandiarajapuram Main Road, Bye-pass Road, Madurai 625016 Tel. : 9920331273 Website : www.idbibank.in Contact Person : Mr. Siva Sankar E-mail: arul.vignesh@idbi.co.in</p> | |

Authority for Listing

In accordance with the said Scheme, the Equity Shares of our Company shall be listed and admitted to trading on NSE and BSE. Such listing and admission for trading is not automatic and will be subject to relaxation under Rule 19(2)(b) of the SCRR being granted by SEBI and fulfilment of listing criteria as specified by NSE and BSE by our Company.

Eligibility Criteria

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter II and Chapter III of the SEBI ICDR Regulations are not applicable. SEBI has, vide its Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, Circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 and Master Circular No. EBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021 (the “SEBI Circulars”) subject to certain conditions, permitted unlisted issuer companies to make an application for relaxation from the strict enforcement of Rule 19(2)(b) of SCRR.

Our Company has submitted this Information Memorandum, containing information about our Company, making disclosures in line with the disclosure requirement for public issues, as applicable to NSE and BSE. It shall be made available to the public through the respective websites of the Stock Exchanges i.e., www.nseindia.com and

www.bseindia.com and through our website on www.ghcltextiles.co.in. Our Company will publish an advertisement in the newspapers containing its details as per the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 with the details required in terms of Annexure I Part III (A) para 2 sub - clause 5.

Prohibition by SEBI

The Company, its Promoters, its Directors and members of the Promoter Group have not been prohibited from accessing the capital market under any order or directions passed by SEBI.

General Disclaimer from Company

Our Company accepts no responsibility for any statement made otherwise than in this Information Memorandum or in the advertisement to be published in terms of the SEBI Circular, or any other material issued by or at the instance of Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Listing

The Company has nominated BSE as Designated Stock Exchange for the aforesaid listing of the Equity Shares. The Company has received relaxation from SEBI from strict enforcement of Rule 19(2)(b) of the SCRR on [●]. Further, the Company has received in-principle approvals from BSE on [●] and NSE on [●] for listing of equity shares.

Changes in auditors

There has been no change in statutory auditors of our Company since its incorporation.

CAPITAL STRUCTURE

The capital structure of our Company as on the date of this Information Memorandum is set forth below:

| | Particulars | Aggregate value at Nominal Value (₹) |
|-----------|---|---|
| A | Pre-Scheme | |
| | | |
| I | Authorised Share Capital | |
| | 7,50,000 Equity Shares of ₹ 2 each | 15,00,000 |
| | | |
| II | Issued, Subscribed and Paid-up Share Capital | |
| | 50,000 Equity Shares of ₹ 2 each | 1,00,000 |
| | | |
| B | Post-Scheme | |
| | | |
| I | Authorised Share Capital | |
| | 17,57,50,000 Equity Shares of ₹ 2 each | 35,15,00,000 |
| | | |
| II | Issued, Subscribed and Paid-up Share Capital | |
| | 9,55,85,786 Equity Shares of ₹ 2 each | 19,11,71,572 |

NOTES TO CAPITAL STRUCTURE

1. Details of changes in authorised share capital of our company since incorporation:

Our Company was incorporated with an authorized share capital of ₹15,00,000 divided into 7,50,000 Equity Shares of ₹ 2 each and the details of changes in the authorized share capital of our Company post incorporation are set forth below:

| Sr. No. | Date of Effective | AGM/EGM/ Postal Ballot | Particulars of Change |
|---------|-------------------|------------------------|---|
| 1 | April 1, 2023* | Pursuant to the Scheme | Increase in authorized share capital from ₹ 15,00,000 divided into 7,50,000 Equity Shares of ₹ 2 each to ₹ 35,15,00,000 divided into 17,57,50,000 Equity Shares of ₹ 2 each |

* Upon the Scheme becoming effective from the Appointed Date i.e. April 1, 2023, the authorised share capital of the Demerged Company shall stand transferred to and form part of the authorised share capital of the Resulting Company. For further details of the Scheme, see Scheme of Arrangement on page 14.

2. History of Share Capital of Our Company

a) The details of existing equity share capital of our Company

| Date of Allotment | No. of Equity Shares Allotted | Face Value (₹) | Premium (₹) | Mode of Allotment | Form of Consideration | Cumulative No. of Shares | Cumulative paid up capital (₹) |
|-------------------|-------------------------------|----------------|----------------|--|------------------------|--------------------------|--------------------------------|
| June 20, 2020 | 50,000 | 2 | 0 | Subscription to the MOA* | Cash | 50,000 | 1,00,000 |
| April 1, 2023 | (50,000) | 2 | Not Applicable | Cancellation of initial share capital pursuant to the Scheme | Pursuant to the Scheme | Nil | Nil |
| April 12, 2023 | 9,55,85,786 | 2 | 0 | Allotment pursuant to the Scheme** | Pursuant to the Scheme | 9,55,85,786 | 19,11,71,572 |

**Allotment of 49,994 Equity Shares to GHCL Limited and 1 Equity Share each to Neelabh Dalmia, Ravi Shanker Jalan, Raman Chopra, Bhuvneshwar Prasad Mishra, Sunil Gupta and Abhishek Chaturvedi as nominees of GHCL Limited.*

***Allotment of 9,55,85,786 Equity Shares to the equity shareholders of GHCL Limited as on the Record Date, i.e. April 8, 2023 in the ratio of 1:1 in accordance with the Scheme.*

- a) Issue of Shares for consideration other than cash

Other than the allotment of Equity Shares to the Eligible Shareholders of the Demerged Company on April 12, 2023, our Company has not allotted any Equity Shares for consideration other than cash

- b) Our Company does not have any outstanding preference shares, warrants or any other convertible securities as on the date of filing of this Information Memorandum.
- c) Except as disclosed above, our Company has not issued any Equity Shares or preference shares for consideration other than cash or out of revaluation of reserves at any time since incorporation
- d) Except as disclosed above, our Company has not issued or allotted any Equity Shares pursuant to any schemes of arrangement approved under Sections 230 – 234 of the Companies Act.
- e) Except for the allotment of Equity Shares pursuant to the Scheme and disclosed above, our Company has not issued any Equity Shares or preference shares during a period of 1 (one) year preceding the date of filing this Information Memorandum.

3. Shareholding pattern of the Company as per SEBI (LODR) Regulations is as follows:

- a) The table below presents the pre and post shareholding pattern of our Company as on the date of this Information Memorandum:

PRE-SCHEME SHAREHOLDING PATTERN OF OUR COMPANY

| Category | Category of shareholder | Number of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including Warrant) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialised form |
|----------|-------------------------------|------------------------|---|--|--|------------------------|---|--|------------------|---------------|-------------------------|---|--|----------------------------|--|---------------------------------|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class eg: Equity Shares | Class eg: Others | Total | | | | | | | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) = (IV)+(V)+ (VI) | (VIII)As a % of (A+B+C2) | (IX) | | | | (X) | (XI)= (VII)+(X) As a % of (A+B+C 2) | (XII) | (XIII) | | (XIV) |
| (A) | Promoter & Promoter Group | 7 | 50,000 | - | - | 50,000 | 100.00 | 50,000 | - | 50,000 | 100.00 | - | 100.00 | - | - | - | 0.00 |
| (B) | Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C) | Non Promoter - Non Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C1) | Shares Underlying DRs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C2) | Shares Held by Employee Trust | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 7 | 50,000 | - | - | 50,000 | 100.00 | 50,000 | - | 50,000 | 100.00 | - | 100.00 | - | - | - | 0.00 |

POST-SCHEME SHAREHOLDING PATTERN OF OUR COMPANY

The Post Scheme shareholding pattern of our Company as on the date of this Information Memorandum is set forth below:

| Category | Category of shareholder | Number of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as % of total no. of shares (calculated as per SCRR, 1957) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including Warrant) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) | Number of Locked in shares | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialised form |
|----------|-------------------------------|------------------------|---|--|--|------------------------|---|--|------------------|--------------------|-------------------------|---|--|----------------------------|--|---------------------------------|---|
| | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | Class eg: Equity Shares | Class eg: Others | Total | | | | | | | |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) = (IV)+(V)+(VI) | (VIII) As a % of (A+B+C2) | (IX) | | | | (X) | (XI) = (VII)+(X) As a % of (A+B+C2) | (XII) | (XIII) | | (XIV) |
| (A) | Promoter & Promoter Group | 36 | 18210535 | - | - | 18210535 | 19.05 | 18210535 | - | 18210535 | 19.05 | - | 19.05 | - | 2,00,244 | 1.10 | 18210535 |
| (B) | Public | 92829 | 77375251 | - | - | 77375251 | 80.95 | 77375251 | - | 77375251 | 80.95 | - | 80.95 | - | - | - | 75397967 |
| (C) | Non Promoter - Non Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C1) | Shares Underlying DRs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C2) | Shares Held by Employee Trust | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 92865 | 9,55,85,786 | - | - | 9,55,85,786 | 100.00 | 9,55,85,786 | - | 9,55,85,786 | 100.00 | - | 100.00 | - | 2,00,244 | 1.10 | 93608502 |

b) Shareholding of our Promoters and Promoter Group:

As on the date of this Information Memorandum, our Promoters and Promoter Group are holding 18210535 fully paid-up Equity Shares comprising of 19.05% of the total paid-up capital of our Company. The equity shares were allotted on April 12, 2023 pursuant to scheme of arrangement.

| Name of Promoters | Category | Number of Equity Shares Allotted | % of total paid up capital |
|---|-----------------|---|-----------------------------------|
| Anurag Dalmia HUF | Promoters | 585124 | 0.61 |
| Mr. Anurag Dalmia | Promoters | 120225 | 0.13 |
| Mr. Neelabh Dalmia | Promoters | 109650 | 0.11 |
| Hindustan Commercial Company Limited | Promoters | 2944737 | 3.08 |
| Gems Commercial Company Limited | Promoters | 2940207 | 3.08 |
| Oval Investment Private Limited | Promoters | 2588848 | 2.71 |
| Lhonak Enternational Private Limited | Promoters | 1365599 | 1.43 |
| Carissa Investment Private Limited | Promoters | 481752 | 0.50 |
| Harvatex Engineering And Processing Company limited | Promoters | 415723 | 0.43 |
| Wgf Financial Services Ltd | Promoters | 378807 | 0.40 |
| Anurag Trading Leasing And Investment Company Private Ltd | Promoters | 287200 | 0.30 |
| Dalmia Finance Ltd | Promoters | 200244 | 0.21 |
| Archana Trading And Investment Company Private Limited | Promoters | 132848 | 0.14 |
| Bharatpur Investment Limited | Promoters | 38842 | 0.04 |
| Sanjay Trading Investment Company Private Limited | Promoters | 29100 | 0.03 |
| General Exports And Credits Limited | Promoters | 17000 | 0.02 |
| Golden Tobacco Limited | Promoters | 16578 | 0.02 |
| Pashupatinath Commercial Pvt. Ltd. | Promoters | 15000 | 0.02 |
| Sovereign Commercial Pvt.Ltd. | Promoters | 6000 | 0.01 |
| Dalmia Housing Finance Limited | Promoters | 5707 | 0.01 |
| Trishul Commercial Pvt.Ltd. | Promoters | 5100 | 0.01 |
| Swastik Commercial Pvt.Ltd. | Promoters | 3700 | 0.00 |
| Alankar Commercial Private Limited | Promoters | 2600 | 0.00 |
| Ricklunsford Trade And Industrial Investment Ltd | Promoters | 1960 | 0.00 |
| Chirawa Investment Limited | Promoters | 1860 | 0.00 |
| Lakshmi Vishnu Investment Limited | Promoters | 1860 | 0.00 |
| Mourya Finance Limited | Promoters | 1860 | 0.00 |
| Sikar Investment Company Limited | Promoters | 1800 | 0.00 |
| Antarctica Investment Pvt Ltd | Promoters | 768 | 0.00 |
| Comosum Investment Pvt Ltd | Promoters | 701 | 0.00 |
| Lovely Investment Pvt Ltd | Promoters | 645 | 0.00 |
| Altar Investment P Ltd | Promoters | 318 | 0.00 |
| Ilac Investment Private Limited | Promoters | 217 | 0.00 |
| Dear Investment P. Ltd. | Promoters | 55 | 0.00 |
| Ram Krishna Dalmia Foundation | Promoter Group | 0 | 0.00 |

| Name of Promoters | Category | Number of Equity Shares Allotted | % of total paid up capital |
|-------------------|-----------|----------------------------------|----------------------------|
| Banjax Limited | Promoters | 2789700 | 2.92 |
| Hexabond Limited | Promoters | 2718200 | 2.84 |
| Total | | 18210535 | 19.05 |

Notes:-

- i. As on the date of this Information Memorandum, except for 2,00,244 Equity Shares representing 0.21% of total equity share capital of the Company held by members of our Promoter, none of the Equity Shares held by our Promoters or the Promoter Group are pledged or otherwise encumbered.

The shareholding pattern of our Company is exactly similar to shareholding pattern of the GHCL Limited, the Demerged Company and accordingly, in accordance with Annexure I of the SEBI Circular dated November 30, 2015, the shareholding of our Promoters, Promoter Group and other shareholders of our Company is exempt from the requirement of lock-in.

- ii. Except for acquisition of Equity Shares pursuant to the Scheme as disclosed above, no Equity Shares have been bought or sold during six months preceding the date of this Information Memorandum by Promoter Group and/or by Directors of our Company and their immediate relatives.
- iii. There are no financing arrangements whereby the Promoters, Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of 6 (six) months immediately preceding the date of filing of this Information Memorandum.
- iv. Our Company, our Directors and our Promoters have not entered into any buy-back and/or standby and/or similar arrangements for the purchase of Equity Shares from any person.
- v. All the Equity Shares of our Company are fully paid up as on the date of this Information Memorandum.
- vi. As on the date of this Information Memorandum, our Company has 92865 shareholders.
- vii. Our Company does not have any employee stock option or employee stock purchase scheme. Basis Clause 9.3 of the Scheme, upon the Scheme becoming effective, the Company shall issue fresh employee stock options to the employees migrated / transferred from GHCL Limited pursuant to the Scheme, subject to applicable regulatory laws, 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 GHCL Limited ESOP Plan.
- viii. Our Company reserves the right, subject to applicable law and requisite approvals, to alter its capital structure at any time, including after the date of this Information Memorandum. Such alteration may be in any permissible manner, including by way of split or consolidation of the denomination of Equity Shares, or by way of any mode of further issue of securities (*including issue of securities convertible into or exchangeable directly or indirectly for Equity Shares*).
- ix. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments which would entitle our Promoters or any shareholders or any other person any option to acquire our Equity Shares at a future date.
- x. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

4 The Details of Major Shareholders of Our Company

- a) **Major Shareholders holding 1% or more of the equity share capital of our Company as the date of this Information Memorandum and 10 days before the date of this Information Memorandum:**

| Sr. No. | Name of Shareholders | No. of Shares held | % of total equity share capital |
|---------|---|--------------------|---------------------------------|
| 1. | DSP Small Cap Fund | 58,91,170 | 6.16 |
| 2. | Ares Diversified | 46,82,182 | 4.90 |
| 3. | Eos Multi Strategy Fund Ltd | 29,46,484 | 3.08 |
| 4. | J.P. Financial Services Pvt Ltd | 27,97,994 | 2.93 |
| 5. | Franklin India Smaller Companies Fund | 17,99,472 | 1.88 |
| 6. | Varanasi Commercial Ltd. | 16,20,000 | 1.69 |
| 7. | UTI - Hybrid Equity Fund | 13,74,293 | 1.44 |
| 8. | Aarkay Investments Pvt. Ltd. | 11,91,942 | 1.25 |
| 9. | Investors Education and Protection Fund (IEPF) | 10,90,766 | 1.14 |
| 10. | Noble Communications Pvt. Ltd. | 10,65,780 | 1.12 |
| 11. | Vanguard Total International Stock Index Fund | 10,53,822 | 1.10 |
| 12. | Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds | 9,89,855 | 1.04 |
| 13. | ELM Park Fund Limited | 9,85,000 | 1.03 |
| | Total | 2,74,88,760 | 28.76 |

b) **Major Shareholders holding 1% or more of the equity share capital of our Company as on a date one year before the date of this Information Memorandum:**

| Sr. No. | Name of Shareholders | No. of Equity Shares held | % of total equity share capital |
|---------|---------------------------------|---------------------------|---------------------------------|
| 1 | GHCL Limited | 49,994 | 99.99 |
| 2 | Mr. Neelabh Dalmia* | 1 | 0.00 |
| 3 | Mr. Ravi Shanker Jalan* | 1 | 0.00 |
| 4 | Mr. Raman Chopra* | 1 | 0.00 |
| 5 | Mr. Bhuwadeshwar Prasad Mishra* | 1 | 0.00 |
| 6 | Mr. Sunil Gupta* | 1 | 0.00 |
| 7 | Mr. Abhishek Chaturvedi* | 1 | 0.00 |
| | Total | 50,000 | 100.00 |

**as nominees of GHCL Limited*

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

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STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

To,

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

Dear Sir/ Madam,

Sub: Proposed listing of Equity Shares of Rs. 2 each of GHCL Textiles Limited (“the Company”) pursuant to the Scheme of Arrangement between GHCL Limited and GHCL Textiles Limited (“Scheme”) being approved by National Company Law Tribunal, Ahmedabad Bench vide its order dated February 8, 2023 and upon the Scheme becoming effective from Appointed Date i.e. April 1, 2023

1. We hereby report that the accompanying Statement of Possible Special Tax Benefits (hereinafter referred to as “the Statement”) prepared by the Company, states the possible special tax benefits available to the Company, and its shareholders under the Income tax Act, 1961 read with Income tax Rules, circulars, notifications issued thereunder and as amended by the Finance Act, 2022 applicable for the Financial Year 2023-24 relevant to the Assessment Year 2024-25 (hereinafter referred to as the “Income Tax Regulations”), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Special Economic Zone Act, 2005, including the relevant rules, notifications and circulars issued there under (collectively referred as “Indirect Tax Regulations”) in connection with the Proposed Listing of Equity Shares, which we have initialled for identification purposes presently in force in India.

Management’s Responsibility

2. The preparation of this Statement as of the date of our report which is to be included in the Draft Information Memorandum / Information Memorandum is the responsibility of the management of the Company.
3. The Management’s responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Our Responsibility

4. Our work has been carried out in accordance with Standards on Auditing, the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ and other applicable authoritative pronouncements by the Institute of Chartered Accountants of India.



5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the 'ICDR Regulations'), it is our responsibility to report whether the Statement prepared by the Company, upon the Scheme becoming effective, presents, in all material aspects, the possible special tax benefits available to the Company and its shareholders, in accordance with the Income Tax Regulations and Indirect Tax Regulations as at the date of our report.
6. It is imperative to note that we have relied upon a representation from the Management of the Company that the Company does not have any material subsidiary.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements.
8. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the ICDR Regulations in connection with the Proposed Listing of Equity Shares.

Inherent Limitations

9. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

The Statement is only intended to provide general information to the shareholders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each shareholder is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Scheme.

Further, we give no assurance that the Revenue Authorities / Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

10. We do not express any opinion or provide any assurance whether:
 - (i) The Company or the shareholders of the Company will continue to obtain these benefits in future;
 - (ii) The conditions prescribed for availing the benefits have been/would be met;
 - (iii) The revenue authorities/courts will concur with the views expressed herein.



Opinion

11. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available, upon the Scheme becoming effective, to the Company and its shareholders, under the Income Tax Regulations and Indirect Tax Regulations as at the date of our report.

Restriction on Use

12. This report has been issued solely at the request of the Company in connection with the Proposed Listing of Equity Shares by the Company and this report or its content thereof may accordingly be used in the corresponding document for the purpose of submission to the Stock Exchanges or any other regulatory or statutory authority in relation to the Proposed Listing of Equity Shares. This report shall not be used, referred to or distributed for any other purpose or to any other party without our written permission.

Limitation

13. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our views are based on the existing provisions of the tax laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

Dated: 29/03/2023

Place: Delhi

For SAS & CO.

Chartered Accountants

(ICAI Firm Reg No : 020025N)

ANKLESHWAR
NANCHAHAL

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(Ankleshwar Nanchahal)

Partner

Membership No. 504908

UDIN- 23504908BGYTEW3203

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO GHCL TEXTILES LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS

Outlined below are the possible special tax benefits available to the Company and its shareholders in a summary manner only and is not a complete analysis or listing of all potential tax benefits, under the Income Tax Regulations and Indirect Tax Regulations as on the date of the report. These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Income Tax Regulations and Indirect Tax Regulations. Hence, the ability of the Company and the shareholders of the Company to derive the direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfill. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Income Tax Regulations and Indirect Tax Regulations. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Shareholders are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which a shareholder can avail.

The tax benefits stated below are as per the Income Tax Regulations and Indirect Tax Regulations.

1. Income Tax Regulations:

A. Possible special tax benefits available to the Company under the Income Tax Regulations

- The Company has opted for the beneficial tax rate of 22% (plus applicable surcharge and cess) as provided under Section 115BAA of the Income-tax Act, 1961 ('IT Act'), subject to the condition that going forward it shall not claim the deductions as specified in Section 115BAA (2) of the IT Act and shall compute total income as per the provisions of Section 115BAA (2) of the IT Act. Proviso to Section 115BAA (5) provides that once the Company opts for paying tax as per Section 115BAA of the Act, such option cannot be subsequently withdrawn for the same or any other Previous Year.

Further, the provisions of Section 115JB of the IT Act (i.e. MAT provisions) shall not apply to the Company on exercise of the option under section 115BAA of the IT Act, as specified under sub-section (5A) of Section 115JB of the IT Act.

- As per Section 80JJAA of the IT Act, where the gross total income of an assessee to whom section 44AB applies, includes any profits and gains derived from business, subject to the conditions specified in sub-section (2) of that section, is allowed a deduction of an amount equal to thirty per cent of additional employee cost incurred in the course of such business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided.

GHCL Textiles Limited (Formerly Sree Meenakshi Mills)

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CIN : U18101GJ2020PLC114004, E-mail : ghcltextilesinfo@ghcl.co.in, Website : www.ghcltextiles.co.in

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

B. Possible special tax benefits available to the shareholders of the Company under the Income Tax Regulations

- There are no special tax benefits available to the shareholders of the Company under the Income Tax Regulations. However, the non-resident shareholders can offer the dividend income to tax under the beneficial provisions of the Double Taxation Avoidance Agreement, if any. Further, the non-resident shareholders would be eligible to claim the foreign tax credit, based on the local laws of the country of which the shareholder is the resident.

Notes:

1. The Statement sets out only the special tax benefits available to the Company and the shareholders under the current Income Tax Act, 1961 as amended by the Finance Act, 2022 applicable for Financial year 2023-24 relevant to the Assessment year 2024-25, presently in force in India.
2. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.
3. The Statement covers only certain special tax benefits under the IT Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
4. The above statement of special tax benefits is as per the current direct tax laws relevant for the assessment year 2024-25. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
5. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant double tax avoidance agreements, if any, between India and the country in which such non-resident is a tax resident.
6. The Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each shareholder is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

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7. The statement does not discuss any tax consequences in the country outside India of an investment in the Shares. The subscribers of the Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.
8. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing shares pursuant to the Scheme.
9. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:
 - a. the Company or its shareholders will continue to obtain these benefits in future;
 - b. the conditions prescribed for availing the benefits have been/ would be met with; and
 - c. the revenue authorities/courts will concur with the view expressed herein.
10. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.

2. Indirect Tax Regulations:

A. Possible special tax benefits available to the Company under the Indirect Tax Regulations

- There are no special tax benefits available to the Company under Indirect Tax Regulations.

B. Possible special tax benefits available to the shareholders of the Company under the Indirect Tax Regulations

- The shareholders of the Company are not entitled to any special tax benefits under Indirect Tax Regulations.

Notes:

1. The Statement sets out only the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 (“**GST Acts**”), the Customs Act, 1962 (“**Customs Act**”) and the Customs Tariff Act, 1975 (“**Tariff Act**”), as amended by the Finance Act 2022, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20), Special Economic Zone Act, 2005, including the relevant rules, notifications and circulars issued there under applicable for the Financial Year 2023-24 (unless otherwise specified), presently in force in India.
2. The Statement is only intended to provide general information to the shareholders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each shareholder is

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advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Scheme.

3. These comments are based upon the provisions of the specified indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time.

We do not assume responsibility to update the views consequent to such changes.

Yours faithfully,

For and on behalf of GHCL Textiles Limited

RAMAN

CHOPRA

Raman Chopra

(Director)

Place: Delhi

Date: 29/03/2023

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OBJECTS AND RATIONALE OF THE SCHEME

The text of the Rationale as provided in the Scheme of Arrangement is reproduced below:

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 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.

For further details of the Scheme, see the chapter titled "*History and Certain Other Corporate Matters*" on page 61.

The Salient features of the Scheme are as follows:

- 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 Spinning Division, 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 Spinning Division 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 Spinning Division, 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 Spinning Division of the Demerged Company and the Resulting Company or any other transactions between the Spinning Division of the Demerged Company and the

Resulting Company as on the Appointed Date, shall stand automatically extinguished.

- 4) The Resulting Company shall without any further act, issue and allot its equity shares of face value of ₹ 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) 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 ₹ 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."

Approvals with respect to the Scheme

The Scheme was approved by Board of Directors of respective companies at their meetings held on December 6, 2021. Observations letters from BSE and NSE in relation to the Scheme were granted vide their letters each dated March 3, 2022. The Scheme was approved by shareholders and creditors at their meetings held on August 18, 2022. Further, Hon'ble NCLT has, vide an order dated February 8, 2023 (certified true copy of the order was received March 14, 2023), sanctioned the Scheme.

In accordance with the said Scheme, the Equity Shares of our Company shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to SEBI granting relaxation under Rule 19(2)(b) of the SCRR and compliance with the requirements of SEBI Circular and fulfilment of listing criteria by our Company as specified by BSE and NSE for such listing and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application for listing by our Company

SECTION V – ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The information presented in this chapter has been obtained from various publicly available sources, including industry websites and publicly available industry reports. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness, and underlying assumptions are not guaranteed, and their reliability cannot be assured.

Accordingly, none of our Company or any person associated with our Company, has independently verified this information or takes any responsibility for the data, projections, forecasts, conclusions, or any other information contained in this section. Industry sources and publications are also prepared on information as on specific dates and may no longer be current or reflect market trends. Accordingly, you should not place undue reliance on, or base any investment decisions on, this information.

Global Economy Prospects

The global fight against inflation, Russia's war in Ukraine, and a resurgence of COVID-19 in China weighed on global economic activity in 2022, and the first two factors will continue to do so in 2023.

Global growth is estimated at 3.4 percent in 2022, is projected to fall to 2.9 percent in 2023 before rising to 3.1 percent in 2024. Compared with the October forecast, the estimate for 2022 and the forecast for 2023 are both higher by about 0.2 percentage point, reflecting positive surprises and greater-than-expected resilience in numerous economies. Negative growth in global GDP or global GDP per capita—which often happens when there is a global recession—is not expected. Nevertheless, global growth projected for 2023 and 2024 is below the historical (2000–19) annual average of 3.8 percent.

These forecasts are based on a number of assumptions, including on fuel and nonfuel commodity prices, which have generally been revised down since October, and on interest rates, which have been revised up. In 2023, oil prices are projected to fall by about 16 percent, while nonfuel commodity prices are expected to fall by, on average, 6.3 percent. Global interest rate assumptions are revised up, reflecting intensified actual and signaled policy tightening by major central banks since October.

The balance of risks remains tilted to the downside, but adverse risks have moderated since the October 2022 WEO. On the upside, a stronger boost from pent-up demand in numerous economies or a faster fall in inflation are plausible. On the downside, severe health outcomes in China could hold back the recovery, Russia's war in Ukraine could escalate, and tighter global financing conditions could worsen debt distress. Financial markets could also suddenly reprice in response to adverse inflation news, while further geopolitical fragmentation could hamper economic progress.

In most economies, amid the cost-of-living crisis, the priority remains achieving sustained disinflation. With tighter monetary conditions and lower growth potentially affecting financial and debt stability, it is necessary to deploy macro prudential tools and strengthen debt restructuring frameworks. Accelerating COVID-19 vaccinations in China would safeguard the recovery, with positive cross-border spillovers. Fiscal support should be better targeted at those most affected by elevated food and energy prices, and broad-based fiscal relief measures should be withdrawn. Stronger multilateral cooperation is essential to preserve the gains from the rules-based multilateral system and to mitigate climate change by limiting emissions and raising green investment.

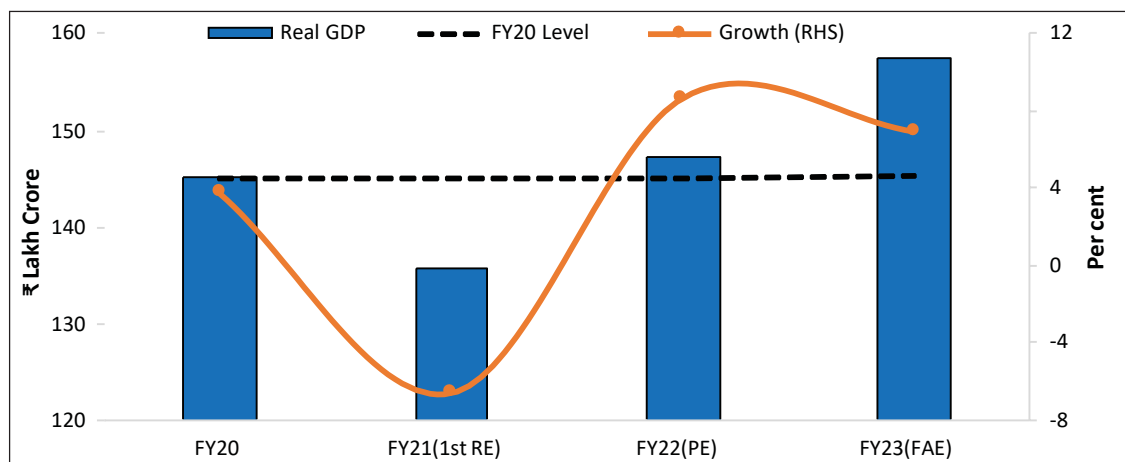
For emerging market and developing economies, growth is projected to rise modestly, from 3.9 percent in 2022 to 4.0 percent in 2023 and 4.2 percent in 2024, with an upward revision of 0.3 percentage point for 2023 and a downward revision of 0.1 percentage point for 2024. About half of emerging market and developing economies have lower growth in 2023 than in 2022. (Source: <https://www.imf.org/en/Publications/WEO/Issues/2023/01/31/world-economic-outlook-update-january-2023>)

Macroeconomic and Growth Challenges in the Indian Economy

The impact of the pandemic on India was seen in a significant GDP contraction in FY21. The following year, FY22, the Indian economy started to recover despite the Omicron wave of January 2022. This third wave did not affect economic activity in India as much as the previous waves of the pandemic did since its outbreak in January 2020. Mobility enabled by

localised lockdowns, rapid vaccination coverage, mild symptoms and quick recovery from the virus contributed to minimising the loss of economic output in the January-March quarter of 2022. Consequently, output in FY22 went past its pre-pandemic level in FY20, with the Indian economy staging a full recovery ahead of many nations. The experience with the Omicron variant engendered a cautious optimism that it was possible to stay physically mobile and engage in economic activities despite the pandemic. FY23 thus opened with a firm belief that the pandemic was rapidly on the wane and that India was poised to grow at a fast pace and quickly ascend to the pre-pandemic growth path.

Figure I.9: Economic growth remains resilient



Source: NSO, MoSPI

Note: AE stands for Advanced Estimates, PE stands for Provisional Estimates, RE stands for Revised Estimates. However, the conflict in Europe necessitated a revision in expectations for economic growth and inflation in FY23. The country's retail inflation had crept above the RBI's tolerance range in January 2022. It remained above the target range for ten months before returning to below the upper end of the target range of 6 per cent in November 2022. During those ten months, rising international commodity prices contributed to India's retail inflation as also local weather conditions like excessive heat and unseasonal rains, which kept food prices high. The government cut excise and customs duties and restricted exports to restrain inflation while the RBI, like other central banks, raised the repo rates and rolled back excess liquidity.

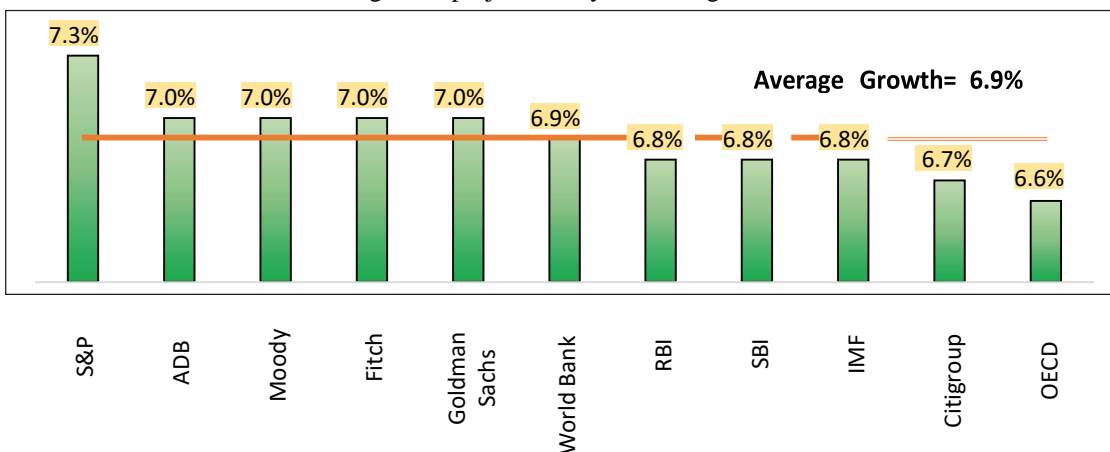
For many countries around the world, including India, 2021 was a period of recovery for health and economies from the impact of the pandemic. For the advanced economies, in particular, the enormous fiscal stimulus earlier injected by their governments supported a strong demand revival. Growth in world trade subsequently followed, of which India was also a beneficiary. India's exports surged in FY22, and the momentum lasted up to the first half of FY23. Export growth was strong enough to increase India's share in the world market of merchandise exports. However, due to aggressive and synchronised monetary tightening, global economic growth has started to slow, and so has world trade. As per United Nations Conference on Trade and Development (UNCTAD) latest global trade update, global trade growth turned negative during the H2:2022, and geopolitical frictions, persisting inflationary pressures, and subdued demand are expected to suppress global trade further in 2023. This is likely to affect many countries, including India, with the prospects of sluggish exports continuing into FY24, compared to the promise shown at the beginning of the current year. (Source: <https://www.ibef.org/>)

India's Economic Resilience and Growth Drivers

Monetary tightening by the RBI, the widening of the CAD, and the plateauing growth of exports have essentially been the outcome of geopolitical strife in Europe. As these developments posed downside risks to the growth of the Indian economy in FY23, many agencies worldwide have been revising their growth forecast of the Indian economy downwards. These forecasts, including the advance estimates released by the NSO, now broadly lie in the range of 6.5-7.0 per cent. Despite the downward revision, the growth estimate for FY23 is higher than for almost all major economies and even

slightly above the average growth of the Indian economy in the decade leading up to the pandemic. IMF estimates India to be one of the top two fast-growing significant economies in 2022. Despite strong global headwinds and tighter domestic monetary policy, if India is still expected to grow between 6.5 and 7.0 per cent, and that too without the advantage of a base effect, it is a reflection of India's underlying economic resilience; of its ability to recoup, renew and re-energise the growth drivers of the economy.

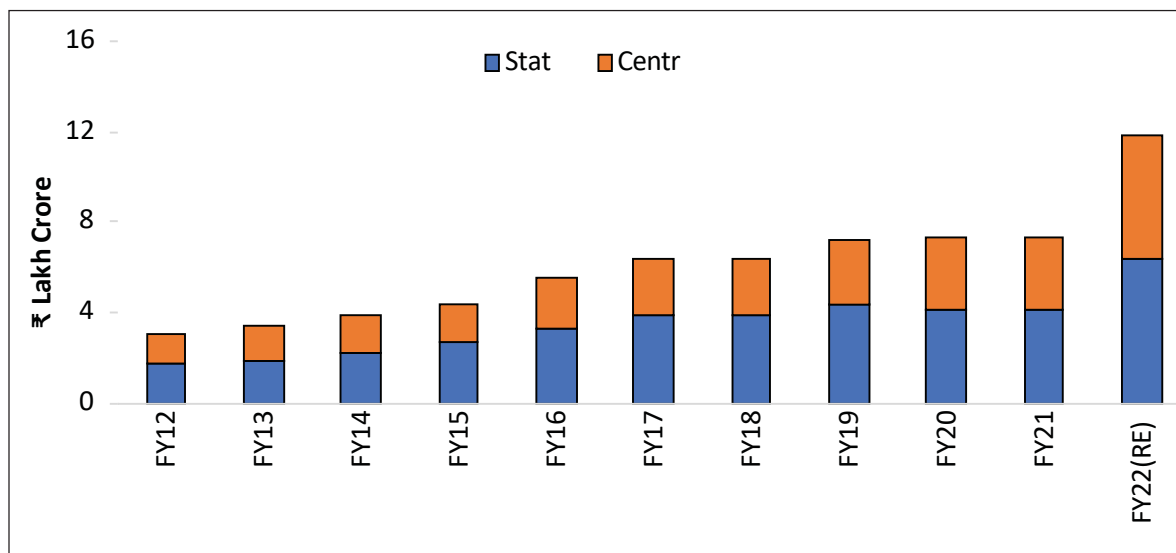
India growth projections by various agencies for FY23



Source: Various Agencies

Note: ADB stands for Asian Development Bank, IMF is International Monetary Fund

Total capital expenditure grew at an average rate of 13.0% during FY12 and FY22



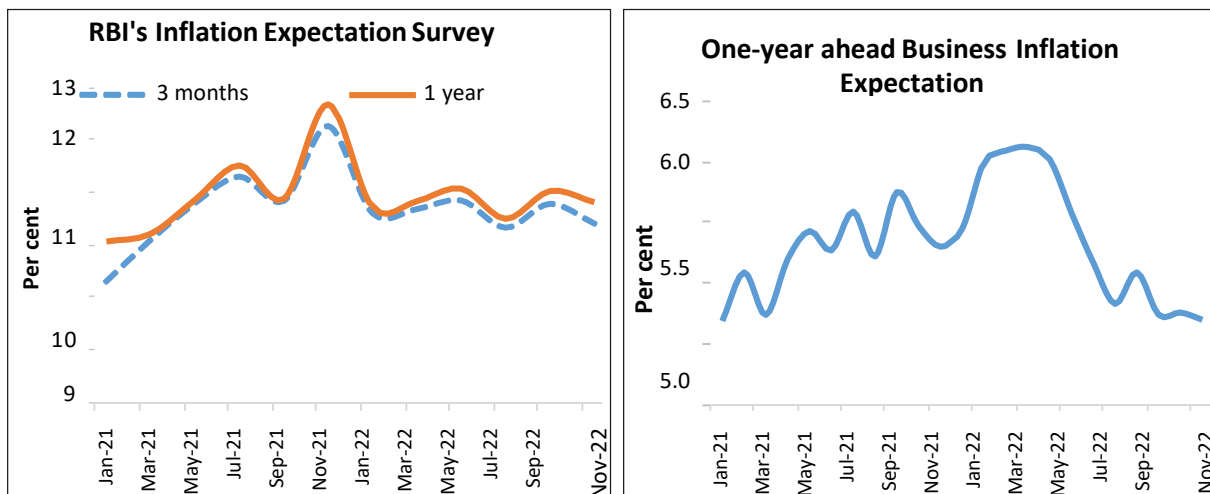
Source: Union Budget, States Budgets, RBI

India's economic resilience can be seen in the domestic stimulus to growth seamlessly replacing the external stimuli. The growth of exports may have moderated in the second half of FY23. However, their surge in FY22 and the first half of FY23 induced a shift in the gears of the production processes from mild acceleration to cruise mode. Manufacturing and investment activities consequently gained traction. By the time the growth of exports moderated, the rebound in domestic consumption had sufficiently matured to take forward the growth of India's economy. Private Consumption as a percentage of GDP stood at 58.4 per cent in Q2 of FY23, the highest among the second quarters of all the years since 2013-14, supported by a rebound in contact-intensive services such as trade, hotel and transport, which registered sequential growth of 16 per cent in real terms in Q2 of FY23 compared to the previous quarter.

While an increase in export demand, rebound in consumption, and public capex have contributed to a recovery in the investment/manufacturing activities of the corporates, their stronger balance sheets have also played a big part equal measure to realizing their spending plans. As per the data on non-financial debt from the Bank for International Settlements, in the course of the last decade, Indian non-financial private sector debt and non-financial corporate debt as a share of GDP declined by nearly thirty percentage points. This limited the increase in interest costs, which, together with possible savings on overheads during lockdowns, contributed to the recent fortification of corporate balance sheets by higher profits. In FY22, the surge in exports also contributed to increasing profits in the corporate world. After-tax profits were also boosted by the lower taxes announced in 2019. Better profitability helped corporates pay down debt. Consequently, not only do corporates have more scope to borrow now, but their improved financial health has also reassured their prospective lenders to expand their credit portfolios. As per Axis Bank Business and Economic Research, capex by the corporate sector increased to ₹3.3 lakh crore in H1 of FY23, driven by heavy investments in electricity, steel, chemicals, auto and pharmaceuticals sectors.

RBI has projected headline inflation at 6.8 per cent in FY23, which is outside its target range. At the same time, it is not high enough to deter private consumption and also not so low as to weaken the inducement to invest. Moderately high inflation has further ensured the anchoring of inflationary expectations preventing prices from weakening demand and growth in India. Additionally, with inflation on the declining path, the interest cost of domestic credit will likely decline, inducing a further increase in demand for credit by corporates and retail borrowers. (Source: <https://www.ibef.org/>)

Inflation Expectations Anchoring



Source: RBI Source: IIMA

India's Medium-Term Growth Outlook

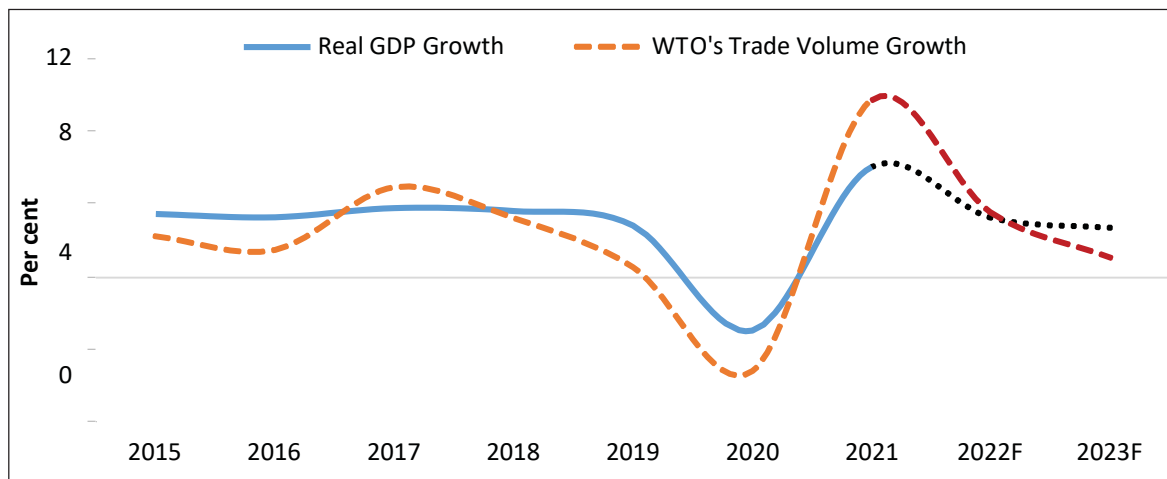
- Indian economy underwent wide-ranging structural and governance reforms that strengthened the economy's fundamentals by enhancing its overall efficiency during 2014-2022.
- With an underlying emphasis on improving the ease of living and doing business, the reforms after 2014 were based on the broad principles of creating public goods, adopting trust-based governance, co-partnering with the private sector for development, and improving agricultural productivity.
- The period of 2014-2022 also witnessed balance sheet stress caused by the credit boom in the previous years and one-off global shocks, that adversely impacted the key macroeconomic variables such as credit growth, capital formation, and hence economic growth during this period.
- This situation is analogous to the period 1998-2002 when transformative reforms undertaken by the government had lagged growth returns due to temporary shocks in the economy. Once these shocks faded, the structural reforms paid growth dividends from 2003.
- Similarly, the Indian economy is well placed to grow faster in the coming decade once the global shocks of the pandemic and the spike in commodity prices in 2022 fade away.

- With improved and healthier balance sheets of the banking, non-banking and corporate sectors, a fresh credit cycle has already begun, evident from the double-digit growth in bank credit over the past months.
- The Indian economy has also started benefiting from the efficiency gains resulting from greater formalisation, higher financial inclusion, and economic opportunities created by digital technology-based economic reforms. India's growth outlook seems better than in the pre-pandemic years and the Indian economy is prepared to grow at its potential in the medium term. (Source: <https://pib.gov.in/>)

Outlook: 2023-24

Dwelling on the Outlook for 2023-24, the Survey says, India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. It says that aided by healthy financials, incipient signs of a new private sector capital formation cycle are visible and more importantly, compensating for the private sector's caution in capital expenditure, the government raised capital expenditure substantially.

Slowdown in global economic growth and trade



Source: IMF, WTO Note: F stands for Forecast

Budgeted capital expenditure rose 2.7 times in the last seven years, from FY16 to FY23, re-invigorating the Capex cycle. Structural reforms such as the introduction of the Goods and Services Tax and the Insolvency and Bankruptcy Code enhanced the efficiency and transparency of the economy and ensured financial discipline and better compliance, the Survey added.

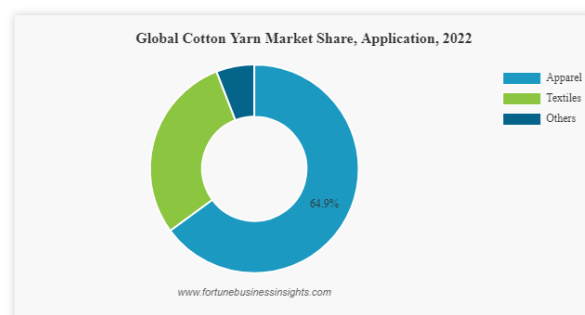
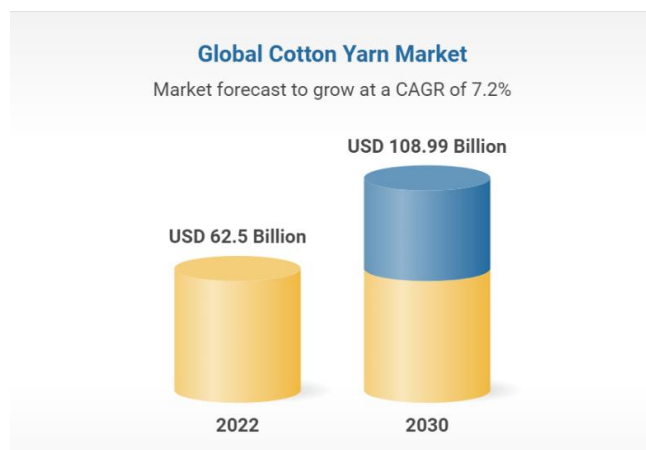
Global growth is forecasted to slow from 3.2 per cent in 2022 to 2.7 per cent in 2023 as per IMF's World Economic Outlook, October 2022. A slower growth in economic output coupled with increased uncertainty will dampen trade growth. This is seen in the lower forecast for growth in global trade by the World Trade Organisation, from 3.5 per cent in 2022 to 1.0 per cent in 2023.

On the external front, risks to the current account balance stem from multiple sources. While commodity prices have retreated from record highs, they are still above pre-conflict levels. Strong domestic demand amidst high commodity prices will raise India's total import bill and contribute to unfavourable developments in the current account balance. These may be exacerbated by plateauing export growth on account of slackening global demand. Should the current account deficit widen further, the currency may come under depreciation pressure.

Entrenched inflation may prolong the tightening cycle, and therefore, borrowing costs may stay 'higher for longer'. In such a scenario, global economy may be characterised by low growth in FY24. However, the scenario of subdued global growth presents two silver linings – oil prices will stay low, and India's CAD will be better than currently projected. The overall external situation will remain manageable. (Source: <https://pib.gov.in/>)

Global Cotton Yarn Market

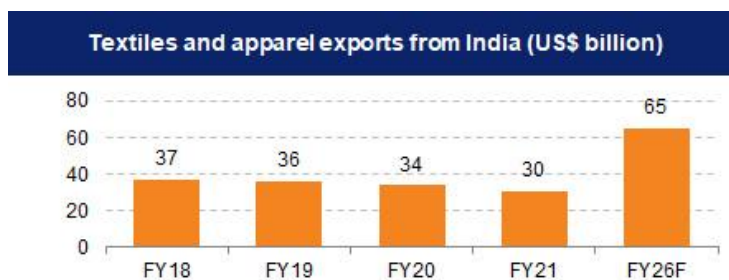
The Global Cotton Yarn Market size was estimated at USD 62.50 billion in 2022, USD 66.91 billion in 2023. The growth rate of the Global Cotton Yarn Market is 7.1%, with an estimated value of \$108.99 Billion by 2030. On the basis of application, the market is segmented into apparel, textiles and others. The apparel segment held a major cotton yarn market share in 2022. The Gen Z and millennial population is growing across the globe. They have a high purchasing power and habit of spending relatively more on clothing than their predecessor generations. This is expected to generate high demand for cotton yarn used in manufacturing apparel. In addition, rising penetration of e-commerce, rising disposable income, and growing per capita expenditure on clothing, especially in developing economics are likely to augment market growth. ([Shttps://www.fortunebusinessinsights.com/](https://www.fortunebusinessinsights.com/))



Indian Textile Market

The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. India has a 4% share of the global trade in textiles and apparel.

India is the world's largest producer of cotton. Estimated production stood at 362.18 lakh bales during cotton season 2021-22. Domestic consumption for the 2021-22 cotton season is estimated to be at 338 lakh bales. Cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030, driven by increasing demand from consumers.



Production of fibre in India reached 2.40 MT in FY21 (till January 2021), while for yarn, the production stood at 4,762 million kgs during the same period.

India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY. Exports of readymade garments including cotton accessories stood at US\$ 6.19 billion in FY22.

India's textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country.

India enjoys a comparative advantage in terms of skilled manpower and in cost of production, relative to major textile producers. In June 2022, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated that the Indian government wants to establish 75 textile hubs in the country.

100% FDI (automatic route) is allowed in textiles. Production-linked Incentive (PLI) Scheme worth ₹ 10,683 crore (US\$ 1.44 billion) for manmade fibre and technical textiles over a five-year period. The Indian government has notified uniform

goods and services tax rate at 12% on man-made fabrics (MMF), MMF yarns and apparel, which came into effect from January 1, 2022.

Huge funds in schemes such as Integrated Textile Parks (SITP) (US\$ 184.98 million) and Technology Upgradation Fund Scheme (US\$ 961.11 million) released by the Government during 2015-16 to 2019-20 to encourage more private equity and provide employment.

India is the world's second-largest producer of textiles and garments. It is also the fifth-largest exporter of textiles spanning apparel, home and technical products. The textiles and apparel industry contribute 2.3% to the country's GDP, 13% to industrial production and 12% to exports. Around 45 million people are working in the textile business, including 3.5 million people who work on handlooms. The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. The Indian apparel market stood at US\$ 40 billion in 2020 and is expected to reach US\$ 135 billion by 2025.

India enjoys a comparative advantage in terms of skilled manpower and in cost of production relative to other major textile producers. India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY. Exports of readymade garments including cotton accessories stood at US\$ 6.19 billion in FY22.

The textiles industry (including dyed and printed) attracted foreign direct investment (FDI) worth US\$ 3.99 billion from April 2000-March 2022. 100% FDI (automatic route) is allowed in the Indian textile sector. (Source: <https://www.ibef.org/>)

OUR BUSINESS

In this chapter, unless the context otherwise requires, a reference to “our Company” or to “we”, “us” and “our” refers to our Company including Spinning Division, on a going concern transferred pursuant to Scheme of Arrangement. Shareholders should note that by virtue of the demerger of Spinning Division of GHCL Limited into our Company. This chapter includes historical data of the GHCL Textiles Limited, Resulting Company.

Our Company is incorporated as an unlisted public company, “GHCL Textiles Limited” under the provisions of Companies Act, 2013 in Ahmedabad, Gujarat, India vide Certificate of Incorporation dated June 17, 2020. Our Company was incorporated as a Wholly Owned Subsidiary of GHCL Limited.

GHCL Limited is engaged in 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) Yarn manufacturing, spinning of yarn and other ancillary materials from its factory/plant situated at Madurai and Manaparai Tamil Nadu ('Spinning Division') (ii) manufacture and sale of home textiles products (including but not limited to weaving, processing, cutting and sewing of home textiles products) from its factory/plant situated at Valsad, Gujarat ('Home Textiles Business')- collectively referred to as 'Business'.

With a view to unlock the potential of each of the business verticals, the Board of Directors of GHCL Limited on December 6, 2021 have approved a Scheme of Arrangement in the nature of demerger of the Spinning Business of GHCL Limited into GHCL Textiles Limited, on a going concern basis.

The Scheme was sanctioned by NCLT, Ahmedabad Bench vide order dated February 08, 2023 (certified true copy of the order was received on March 14, 2023) and the Scheme is effective on April 1, 2023. Post effective of the Scheme, Demerged Undertaking of GHCL Limited, which includes business of Yarn manufacturing, spinning of yarn and other ancillary materials from its factory/plant situated at Madurai and Manaparai in Tamil Nadu ('Spinning Division') and such similar activities have been vested in our Company from the Appointed Date i.e. April 1, 2023.

Our Company has issued and allotted to the Shareholders of GHCL Limited, "1 (One) equity share of GHCL Textiles of face value of ₹ 2 each fully paid up for every 1 (One) equity share held in GHCL having face value of ₹ 10 each fully paid up, which will be listed on BSE and NSE pursuant to the Scheme. Our Company is authorized to engage in the business of textiles.

MANUFACTURING FACILITY, LOCATION AND PROPERTY

Our Company has received Demerged Undertaking of GHCL Limited and will continue to run Spinning Division at various sites as per details given hereunder:

| Sr. No. | Location | Acres | Village | District |
|---------|---|-------|-------------------|-------------|
| 1 | Factory and Land at Paravai Village (I and II bit) | 72.43 | Paravai | Madurai |
| 2 | Factory and Land Manaparai | 203.1 | Usilampatti | Trichi |
| 3 | Madakulam Village , Madurai | 1.28 | Madakulam | Madurai |
| 4 | Pasumalai Thiagarajar colony thirupparankundram | 7.74 | Pasumalai | Madurai |
| 5 | Vikaramangalam | 3.74 | Vikramangalam | Tirunelveli |
| 6 | Tenkasi District | 3.09 | Ayerperi | Tenkasi |
| 7 | MelaAmbasamudram | 14.40 | Mela Ambasamudram | Tirunelveli |
| 8 | Kodai konal | 9.46 | Kodaikanal | Dindigal |
| 9 | Musiri -Solar plant -Phase 1 & 2 | 68.19 | Devanur | Trichi |
| 10 | Wind power - Sankaneri | 12.00 | Erukkandurai | Tirunelveli |
| 11 | Wind power - Dharapuram | 12.00 | Chinnaputhur | Tirupur |
| 12 | Wind power - Kayathar | 12.0 | Thirumangakurichi | Tirunelvi |

| | | | | |
|----|---|---------------|---------------|-----------|
| 13 | Wind power - Kayathar | 9.2 | Thadiyampatti | Tirunelvi |
| 14 | Wind power - Kayathar | 3.0 | Karisalkulam | Tirunelvi |
| 15 | Ottapidaram -Solar plant as on 16/12/2022 | 25.7 | Ottapidaram | Tuticorin |
| | TOTAL | 457.33 | | |

Collaborations/Tie-Ups/Joint Ventures:

Our Company has no collaborations or tie ups or joint venture as on the date of this Information Memorandum.

Infrastructure Facilities and Utilities

Our Registered Office is equipped with computer systems, internet connectivity, other communication, equipment, security and other facilities which are required for our business operations to function smoothly.

Human Resource

We believe in the potential of people to go beyond and be the game changing force for business transformation and success. This potential is harnessed by fostering an open and inclusive work culture that enables breakthrough performance and comprehensive development of employees through the three pillars of leading self, leading teams and leading business. In order to create a sustainable organization, continuous up gradation of skills and competency of employees is undertaken through learning and development initiative. This will help the Company to create a talent pool of competent people capable of taking on new challenges. We have created a culture that attracts people with multidimensional skills and experiences. Our senior management team combines extensive experience in the spinning industry.

Marketing

The efficiency of the marketing and sales network is critical success of our Company. Our sales and marketing team facilitates all aspects of business development, market intelligence, sales forecast, demand planning, product pricing.

We intend to expand our customer base by reaching out to other geographical areas.

Quality Control

We believe that quality control is essential for the success of a business and we ensure that our products are subject to quality control tests before they are dispatched for delivery to our customers. We have implemented quality systems across our manufacturing facilities that cover all areas of our business processes from manufacturing, supply chain to product delivery for ensuring consistent quality, efficacy and safety of our products. Each batch of the manufactured products is subject to quality checks in our laboratories.

Experienced and qualified management team and technical personnel

Our Company is led by an experienced and qualified management team. Every person in our management team have been instrumental in establishing the business direction for our Company and will continue to guide our Company in the expansion of our business with their experience and technical expertise. Further, our operations at each of our manufacturing facilities are managed by a team of skilled engineers with the requisite technical know-how and educational qualifications with specialisation to carry out our production processes.

Our Business Strategy:

Expanding and improving our existing manufacturing facilities

Pursuant to this Scheme, we intend to meet expected increase in the demand of the Spinning Business.

Leveraging our market skills and relationship

We aim to enhance the growth by leveraging our customer relationship and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our customer relationship and renewing our relationship with existing buyers

Continuing innovation, technology upgrade and cost improvements

Continuous innovation in our manufacturing process, technology upgrade and cost improvement is a norm at our Company. Our qualified and technical teams try and ensure minimal wastage and extract out maximum from the resources which we have at our disposal, be it the raw materials, be it the premises we operate in, optimum utilisation is what we believe will help us in innovating process improvements, thereby reducing costs.

Attracting and retaining the quality manpower

In our industry, people are the most valuable asset of the company and the reputation of the company will be built up by the management team. We believe the dedication of the employees and skill, integrity and technical analytical mind results in success and growth of business. The well informed, technically and professionally qualified employee will help the clients to take correct decision and thereby we can retain the clients and increase our clientele through mouth publicity of our company. We intend to continue to seek out talent to further enhance and grow our business.


Capacity Utilisation:

The following table sets forth certain key details of our Spinning Business:

| Unit | Total Installed Yarn Capacity (In TPA) | Spindles worked | Utilisation % |
|-------------------------|--|-----------------|---------------|
| Paravai | 38,016 | 37,683 | 99.12 |
| Malligai | 27,600 | 27,053 | 98.02 |
| Vaigai | 56,400 | 55,793 | 98.92 |
| Total Paravai | 122,016 | 120,529 | 98.78 |
| OE | 3,320 | 3,271 | 98.51 |
| TFO | 5,760 | 4,386 | 76.15 |
| Manaparai | 37,152 | 35,589 | 95.79 |
| Kaveri | 25,248 | 24,522 | 97.12 |
| Karthigai | 39,600 | 26,005 | 65.67 |
| Total Manaparai | 102,000 | 86,116 | 84.43 |
| MNP & KAVERI | 62,400 | 60,111 | 96.33 |
| Airjet | 480 | 425 | 88.54 |

Intellectual Property

Our Company does not own any intellectual property rights etc. as on the date of this Information Memorandum.

However, our Company is using logo “” which is not yet registered in the name of our Company. Recently, our Company has made application for registration of logo under the Trade Marks Act, 1999. For details, see “Risk Factor – “The logo used by our Company is yet not registered. Failure to protect our intellectual property may adversely affect our reputation, goodwill and business operations.” on page 17.

Insurance

Our operations are subject to hazards inherent to a manufacturing company such as risk of equipment failure, work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosions including hazards that may cause injury and loss of life, severe damage to and the destruction of property, stocks, equipment and environmental damage. We consider our insurance coverage to be of a type and level that is economically prudent, we cannot assure that we will be able to maintain insurance at rate which we consider commercially reasonable or that such coverage will be adequate to cover any claims that may arise. Overall, we generally maintain insurance covering our assets and operations

at levels that we believe to be appropriate for our business.

Our Company have taken comprehensive insurance policies covering our manufacturing units. Our insurance policies include industrial all risk policy-covers material damage as well as business interruption, fire & allied perils, burglary and breakdown of machinery, boiler explosion & damage to electronic equipment's etc.

DESCRIPTION OF OUR PRODUCTS

Open end Yarns: 100% Cotton

- Ne 16s to 32s (in Indian, Contamination Free and CMIA Cottons)

Ring Spun Cotton Yarns

- 100% Indian Combed Compact – Count range Ne 30s to 60s
- 100% Giza & Giza blend Combed Compact – Count Range Ne 40s to 100s
- 100% Contamination Free (Australian) Combed Compact – Count Range Ne 30s to 60s.

TFO Yarns

- 100% Cotton yarns from Indian, Giza, Australian & Supima Cotton – Count range Ne 2/30s to 2/160s
- Gassed yarn in Paper cones and in Soft Package (ready to Dye)

VORTEX Yarns

- 100% Viscose Vortex – Counts 21s,30s,32s and 40s
- Cotton/Modal Vortex – Counts 21s,30s,32s and 40s
- Poly/Cotton Vortex – Counts 21s,30s,32s and 40s

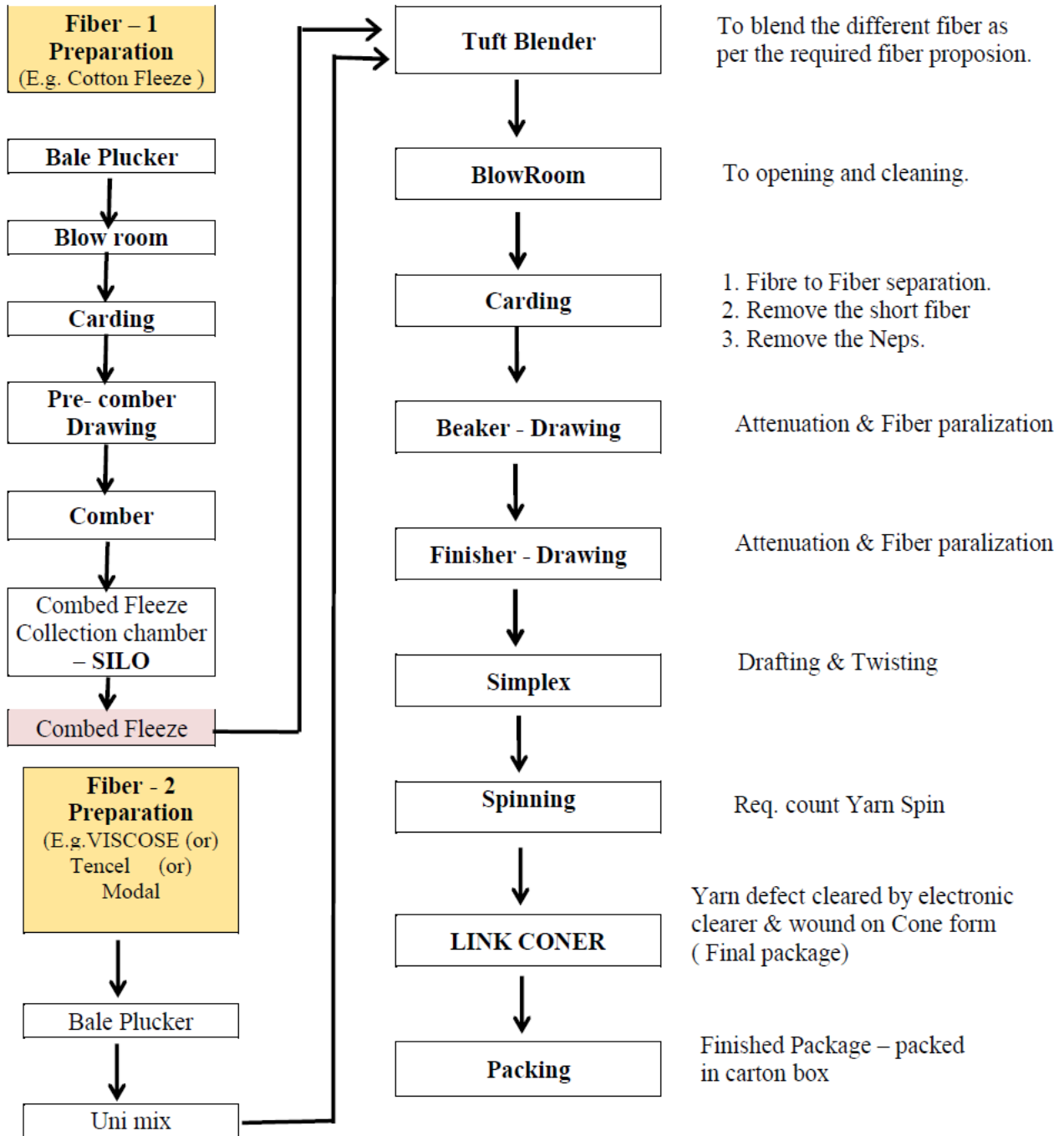
Synthetic & Synthetic Blend Ring Spun yarns

- Polyester Cotton Yarns – Ne 30s to 62s in Blends 52/48, 65/35 & 75/25 (includes Sustainable Rpet)
- 2/80s PC Combed and Carded yarns
- Polyester Viscose yarns – Ne 30s to 60s in 65/35 & 75/25 blend
- Cotton Poly yarns – Ne 30s to 50s in 60/40, 80/20 & 90/10 Blend (CVC)
- 100% Viscose yarns– Ne 30s to 60s.
- 100% Micro Modal & Tencel yarns – Ne 30s to 80s
- Cotton Modal yarns– Ne 30s to 80s in blend 60/40
- Supima Tencel & Supima Modal Yarns – Ne 24s to 100s
- Polyester Modal yarns– Ne 30s to 80s in blend 52/48
- Polyester Cotton Slub yarns – Ne 30s to 60s (Brand: Fanta & Nokia)

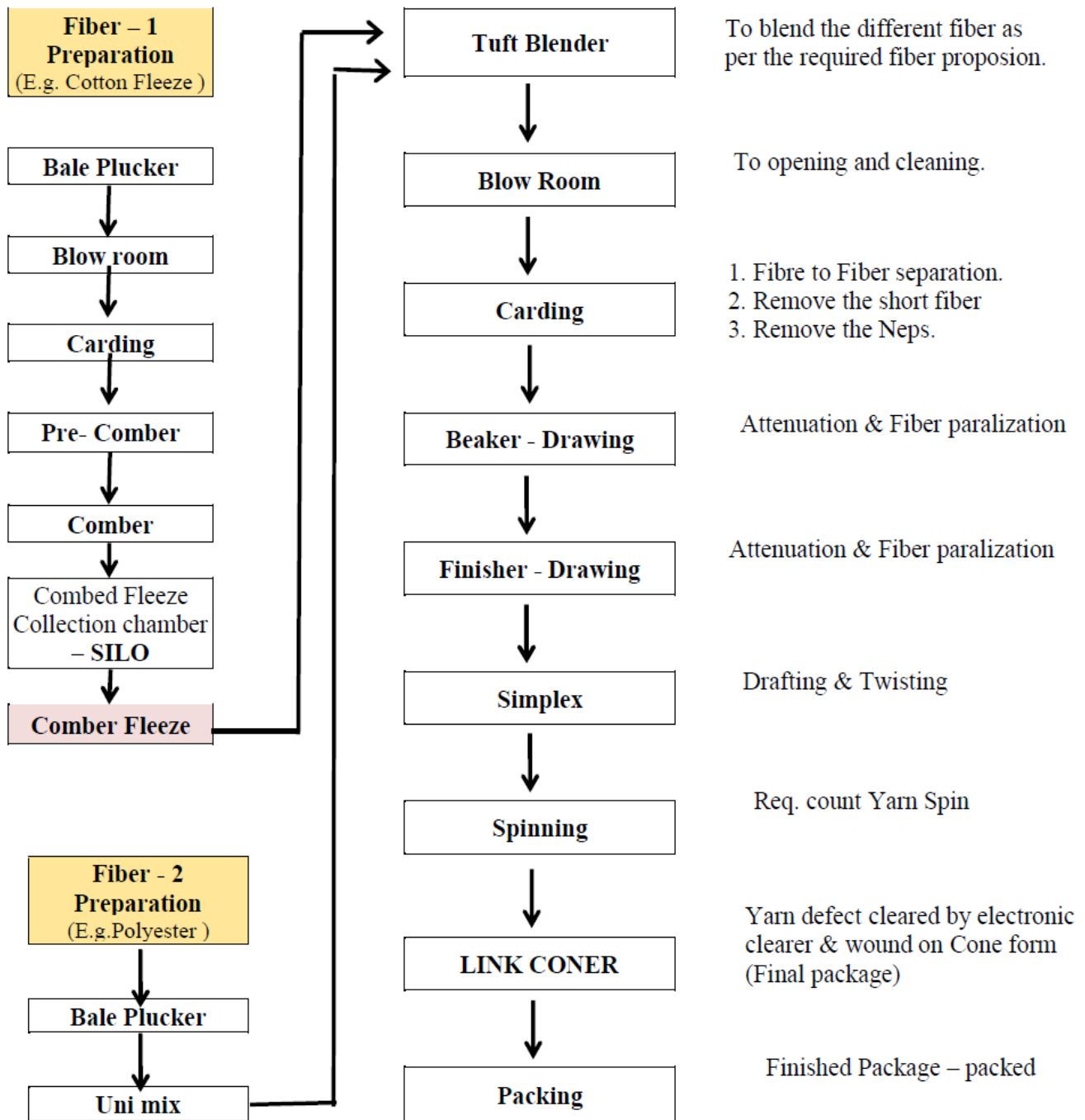
Manufacturing Process Flow:

The below flowchart represents our Manufacturing process flow:

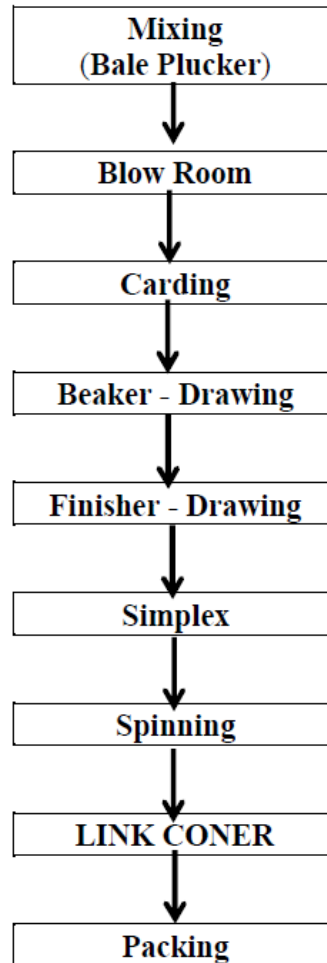
COTTON / VISCOSE or MODAL or TENCEL Process Flow



Polyester/ Combed Cotton Process Flow



“100% Viscose “ or “Modal” or “Tencel “ or Bamboo Process



OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as GHCL Textiles Limited on June 17, 2020 under the Companies Act, 2013 in the state of Gujarat vide Certificate of Incorporation issued by the Central Registration Centre, Registrar of Companies on behalf of the Registrar of Companies, Gujarat (“RoC”). Our Company filed declaration of commencement of business with the RoC on June 20, 2020. Our Company was incorporated as a wholly owned subsidiary of GHCL Limited. The Corporate Identity Number (CIN) of our Company is U18101GJ2020PLC114004. There is no change in name and registered office of our Company from the date of Incorporation of the Company.

Registered Office of our Company

GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad Gujarat, 380009 India
Tel No: 079-26434100

Corporate Office of our Company

GHCL House B-38, Institutional Area, Sector-1, Noida, 201301 India
Tel No: 0120-2535335, 0120-4939900

Website: www.ghcltextiles.co.in

Change in name of our Company

There has been no change in Name of our Company since incorporation.

Change in address of Registered Office of our Company

There has been no change in address of registered office of our Company since incorporation.

Main Objects of our Company

The main objects of our Company as per Clause III of Memorandum of Association 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.

Amendments to the MOA of our Company since incorporation

| Sr. No. | Date of Effective | Clause Amended | Nature of amendment |
|---------|-------------------|----------------|---|
| 1 | April 01, 2023* | Clause 5 | Increase in authorized share capital from ₹ 15,00,000 divided into 7,50,000 Equity Shares of ₹ 2 each to ₹ 35,15,00,000 divided into 17,57,50,000 Equity Shares of ₹ 2 each |

* Upon the Scheme becoming effective from the Appointed Date, the authorised share capital of the Demerged Company shall stand transferred to and form part of the authorised share capital of the Resulting Company. For further details of the Scheme, see Scheme of Arrangement on page 14.

Key Events and Milestones in the History of our Company

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

| Year | Event |
|-------------|---|
| 2020 | Incorporation of our Company as wholly-owned subsidiary of GHCL Limited and commencement of business by our Company |
| 2021 | Board of Directors' approval regarding Scheme of Arrangement in the nature of Demerger of Spinning division of GHCL Limited |
| 2023 | Sanction of the Scheme of Demerger by Hon'ble NCLT |

Awards, Accreditations or Recognitions

The Company under spinning division of GHCL Limited prior to Demerger has obtained the following awards/accreditations:

1. CCQC state level award
2. QC Award Group
3. CII 5S Award, Certificate
4. CII 5S Award, Certificate
5. CII 5S Certificate
6. NCQC - National Level Award
7. SIMA Award 1 place rank 2 GHCL Limited Unit 1
8. SIMA Award 1 place rank 1 GHCL Limited Unit II
9. CII AWARD
10. ICQCC 2018
11. ICQCC Certificate
12. ICQCC 2016
13. SIMA Award

INTERNATIONAL AWARDS

1. ICQC 2018
2. ICQC 2016

NATIONAL AWARDS

1. NCQC 2014
2. NCQC 2021
3. NCQC 2019
4. NCQC 2018
5. NCQC 2017
6. NCQC 2016
7. NCQC 2014

STATE AWARDS

1. CCQC 2022 Madurai
2. CCQC 2022 Coimbatore
3. CCQC 2021 Madurai
4. CCQC 2020 Madurai
5. CCQC 2019 Coimbatore
6. CCQC 2018 Madurai
7. CCQC 2018 Coimbatore

8. CCQC 2017 Madurai
9. CCQC 2017 Coimbatore
10. CCQC 2016 Coimbatore
11. CCQC 2016 Maduari
12. CCQC 2015 Maduari
13. ICQC 2016

Other details regarding our Company

For details regarding the description of our Company's profile, activities, marketing, location of plants, property, product, management, managerial competence, technology, market, environmental issues etc. wherever applicable, see the chapters titled "*Our Business*", "*Financial Statements*" and "*Government and Other Statutory Approvals*" beginning on page 54, 97 and 152 respectively.

Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

There are no defaults or rescheduling of borrowings from financial institutions or banks in relation to our Company.

Revaluation of assets

Our Company has not revalued its assets since incorporation and has not issued any Equity Shares by capitalizing any revaluation reserves.

Holding Company

As of the date of this Information Memorandum, our Company does not have any holding company.

Subsidiary of Our Company

Our Company does not have a Subsidiary Company as on the date of the Information Memorandum.

Joint Ventures of Our Company

As on the date of this Information Memorandum, our Company has not entered into any Joint Venture.

Strikes and Lock-Out

Our Company has not experienced any strike, lock-outs or labour unrest in the past.

Acquisition of Businesses / Undertakings

Our Company has not made any material acquisitions or divestments of businesses / undertakings since incorporation.

Mergers and Amalgamation

There has been no merger or amalgamation of business or undertakings in the history of our Company except as disclosed below:

Scheme of Arrangement under the provisions of Sections 230 to 232, read with Section 66 and other applicable provisions of the Companies Act, 2013 between GHCL Limited and GHCL Textiles Limited and their respective shareholders and creditors, as sanctioned by Hon'ble NCLT, Ahmedabad Bench vide its order dated February 08, 2023 (the certified true copy of the order was received on March 14, 2023).

The salient features of the said Scheme are set forth hereunder:

| Sr. No. | Particulars | Details |
|----------------|---|--|
| 1. | “Demerged Company” | GHCL Limited |
| 2. | “Resulting Company” | Our Company, i.e., GHCL Textiles Limited |
| 3. | Appointed Date | April 01, 2023 |
| 4. | Rationale for the Scheme | See the chapter titled “ <i>Background and Rationale for the Scheme of Arrangement</i> ” on page 2. |
| 5. | Feature of the Scheme | Demerge the Spinning Division, on a going concern basis, into GHCL Textiles Limited, as a resultant mirror image shareholding, and whose shares would be listed on the Stock Exchange after the demerger |
| 6. | Date of Approval of Scheme by NCLT | February 08, 2023 (the certified true copy of the order was received on March 14, 2023). |
| 7. | Effective Date | April 01, 2023 |
| 8. | Record Date | April 08, 2023 |
| 9. | Exchange Ratio | "1 (One) equity share of the Resulting Company of face value of ₹ 2 each fully paid up shall be issued for every 1 (One) equity share of ₹ 10 each fully paid up held in the Demerged Company (i.e. GHCL)" |
| 10. | No. of Shares Issued in terms of Scheme by our Company | 9,55,85,786 Equity Shares |

Shareholders Agreements

As on the date of the Information Memorandum, our Company has not entered into any shareholders’ agreement.

Other Material Agreements

Our Company has not entered into any agreements/arrangements otherwise than in the normal course of business of our Company or at any time during two years preceding the date of this Information Memorandum.

Agreements with key managerial personnel or a Director or Promoters or any other employee of the Company

There are no agreements entered into by Key Managerial Personnel or a Director or Promoters or any other employee of the Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of the Company.

Strategic and Financial Partners

As on the date of this Information Memorandum, our Company does not have any Strategic and Financial Partner(s).

KEY REGULATIONS AND POLICIES

The following is an overview of certain key laws and regulations in India which are applicable to the operations of our Company. The information available in this chapter has been obtained from various legislations, rules and regulations made thereunder and other regulatory requirements available in the public domain. The description of laws and regulations set out below may not be exhaustive and is only intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of the Indian law and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by subsequent legislative actions, regulatory, administrative, quasi-judicial, or judicial decisions.

1. Employee benefit legislations

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (the "PF Act")

The PF Act provides for payment of provident funds for employee.

Employees' State Insurance Act, 1948 (the "ESI Act")

The ESI Act provides for certain benefits to employees in case of sickness, maternity and 'employment injury' to make provision for certain other matters in relation thereto.

Equal Remuneration Act, 1976 (the "Equal Remuneration Act")

The Equal Remuneration Act, provides for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment and for matters connected therewith or incidental thereto.

Minimum Wages Act, 1948 (the "Minimum Wages Act")

The Minimum Wages Act, provides for An Act fixation minimum rates of wages in certain employments.

Payment of Gratuity Act, 1972 (the "Gratuity Act")

The Gratuity Act provides for a scheme for the payment of gratuity to employees engaged in inter alia in factories, and other establishments and for matters connected therewith.

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (the "POSH")

The POSH provides protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for the matters connected therewith.

2. Labour Laws

The Factories Act, 1948 ("Factories Act")

The term 'factory', as defined under the Factories Act, means any premises which employs or has employed on any day in the previous 12 months, 10 or more workers and in which any manufacturing process is carried on with the aid of power, or any premises wherein 20 or more workmen are employed at any day during the preceding 12 months and in which any manufacturing process is carried on without the aid of power. State Governments have issued rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act requires the 'occupier' of a factory to ensure the health, safety and welfare of all workers in the factory premises. Further, the "occupier" of a factory is also required to ensure (i) the safety and proper maintenance of the factory such that it does not pose health risks to persons in the factory premises; (ii) the safe use, handling, storage and transport of factory articles and substances; (iii) provision of adequate instruction, training and supervision to ensure workers' health and safety; and (iv) cleanliness and safe working conditions in the factory premises. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine or with both.

Other labour law legislations

Various other labour and employment related legislation that may apply to our operations, from the perspective of protecting the workers' rights and specifying registration, reporting and other compliances, and the requirements that may apply to us as an employer, would be the followings:

1. Contract Labour (Regulation and Abolition) Act, 1970.
2. Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
3. Employees' State Insurance Act, 1948.
4. Minimum Wages Act, 1948.
5. Payment of Bonus Act, 1965.
6. Payment of Gratuity Act, 1972.
7. Payment of Wages Act, 1936.
8. Maternity Benefit Act, 1961.
9. Industrial Disputes Act, 1947.
10. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
11. The Industries (Development and Regulation) Act, 1951.
12. Employees' Compensation Act, 1923.
13. The Industrial Employment Standing Orders Act, 1946.
14. The Child Labour (Prohibition and Regulation) Act, 1986.
15. The Equal Remuneration Act, 1976.
16. The Trade Unions Act, 1926 and the Trade Union (Amendment) Act, 2001.

3. Environmental Regulations

The Environment (Protection) Act, 1986 (the "EP Act")

The EP Act has been enacted for the protection and improvement of the environment. EP Act empowers the government to take measures to protect and improve the environment such as by laying down standards for emission and discharge of pollutants, providing for restrictions regarding areas where industries may operate. It is in the form of an umbrella legislation designed to provide a framework for Central Government to coordinate the activities of various central and state authorities established under previous laws. It is also in the form of an enabling law, which delegates wide powers to the executive to enable bureaucrats to frame necessary rules and regulations.

Water Prevention and Control of Pollution Act, 1974 (the "Water Act")

The Water Act was enacted to control and prevent pollution and for maintaining or restoring of wholesomeness of water in the country and any person intending to establish any industry, operation or process or any treatment and disposal system which is likely to discharge sewage or other pollution into a water body is required to obtain prior consent of the relevant state pollution control board ("SPCB"). The SPCBs are vested with diverse powers to deal with water and air pollution, have been established at the Central level and in each State. The SPCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. All industries and factories are required to obtain consent orders (renewed annually) from the SPCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down.

Air Prevention and Control of Pollution Act, 1981 (the "Air Act")

The Air Act was enacted to provide for the prevention, control and abatement of air pollution in India. It is a specialized piece of legislation, which was enacted to take appropriate steps for the preservation of natural resources of the earth, which among other things include the preservation of the quality of air and control of air pollution. The Air Act stipulates that no person shall, without prior written consent of the relevant state pollution control board, establish or operate any industrial plant, which emits air pollutants in an air pollution control area, as notified by the state pollution control board.

The Public Liability Insurance Act, 1991 (the "PLI Act")

The PLI Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the government by way of a notification. Under the PLI Act the owner or handler is also required to take out an insurance policy insuring against liability. The rules made under the PLI Act mandate that the employer has to contribute towards the Environmental Relief Fund a sum equal to the premium paid on the insurance policies.

Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 (the "HCR Rules")

The HCR Rules are formulated under the EP Act, and are applicable to an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Where a major accident occurs on a site or in a pipeline, the occupier shall forthwith notify the concerned authority and submit reports of the accident to the said authority. Furthermore, an occupier shall not undertake any industrial activity unless he has submitted a written report to the concerned authority containing the particulars specified in the schedule to the HCR Rules at least three months before commencing that activity or before such shorter time as the concerned authority may agree.

Hazardous Wastes (Management Handling and Transboundary Movement) Rules, 2008 (the “Hazardous Wastes Rules”)

Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste. The Hazardous Wastes Rules impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste.

4. Tax related legislations

The tax related laws that are applicable to us include the Income-tax Act, 1961, Income Tax Rules, 1962, Goods and Services Tax Act, 2017 and various rules and notifications thereunder and as issued by taxation authorities.

5. Foreign exchange laws

The foreign exchange laws that are applicable to us include the Industrial Policy, 1991 of the Government of India, the FEMA and the relevant rules thereunder, and the Consolidated FDI Policy.

6. Other Laws

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder, other applicable statutes imposed by the Centre or the State Government and authorities for our day-to-day business and operations.

OUR MANAGEMENT

Board of Directors

In terms of the AOA, our Company is required to have not less than 3 (three) Directors and not more than 15 (fifteen) Directors and as per the SEBI Listing Regulations the board of directors shall comprise of not less than 6 (six) directors.

Currently, our Company has 6 (Six) Directors on the Board out of which 3 (Three) are Non - Executive Directors and 3 (Three) are Independent Directors including one Woman Director. The composition of the Board of Directors is governed by the provisions of the Companies Act and the SEBI Listing Regulations. The following table sets forth details regarding our Board as on the date of this Information Memorandum:

| Sr. No. | Name, Designation, Address, Date of Birth, DIN, Occupation, Current Term, Period of Directorship and Nationality | Age | Other Directorships |
|---------|---|-----|--|
| 1. | <p>Name: Dr. Manoj Vaish</p> <p>Designation: Independent Director</p> <p>Address: B - 305, Paradise, Raheja Vihar, Powai. Mumbai 400072</p> <p>Date of Birth: 24-05-1961</p> <p>DIN: 00157082</p> <p>Occupation: Professional</p> <p>Current Term: two consecutive years effective from March 6, 2023 to March 5, 2025.</p> <p>Period of Directorship: Since March 6, 2023</p> <p>Nationality: Indian</p> | 61 | <ol style="list-style-type: none"> 1. GHCL Limited 2. Mirae Asset Trustee Company Private Limited 3. Anand Rathi Financial Services Limited |
| 2. | <p>Name: Mrs. Vijaylaxmi Joshi</p> <p>Designation: Independent Director</p> <p>Address: 564, Shriniketan CGHS Plot No. 1, Sector-7, Dwarka New Delhi - 110075</p> <p>Date of Birth: 01-08-1958</p> <p>DIN: 00032055</p> <p>Occupation: Retired IAS</p> <p>Current Term: two consecutive years effective from March 6, 2023 to March 5, 2025.</p> <p>Period of Directorship: Since March 6, 2023</p> <p>Nationality: Indian</p> | 64 | <ol style="list-style-type: none"> 1. Adani Enterprises Limited 2. GHCL Limited |

| Sr. No. | Name, Designation, Address, Date of Birth, DIN, Occupation, Current Term, Period of Directorship and Nationality | Age | Other Directorships |
|---------|---|-----|--|
| 3. | <p>Name: Mr. Arun Kumar Jain</p> <p>Designation: Independent Director</p> <p>Address: House No - B 802 Prateek Stylome, Sector-45, Noida -201303 (UP)</p> <p>Date of Birth: 04-01-1956</p> <p>DIN: 07563704</p> <p>Occupation: Consultancy</p> <p>Current Term: two consecutive years effective from March 6, 2023 to March 5, 2025.</p> <p>Period of Directorship: Since March 6, 2023</p> <p>Nationality: Indian</p> | 66 | <ol style="list-style-type: none"> 1. GHCL Limited 2. West End Housing Finance Limited 3. Sahara India Life Insurance Company Limited 4. M R.Technofin Consultants Private Limited 3. West End Investment And Finance Consultancy Pvt Ltd |
| 4. | <p>Name: Mr. Ravi Shanker Jalan</p> <p>Designation: Non-Executive Director</p> <p>Address: 330, Mandakini Enclave Alakhnanda , New Delhi 110019</p> <p>Date of Birth: 10-10-1957</p> <p>DIN: 00121260</p> <p>Occupation: Service</p> <p>Current Term: Appointed as Non-executive Director on June 17, 220</p> <p>Period of Directorship: Since incorporation</p> <p>Nationality: Indian</p> | 65 | <ol style="list-style-type: none"> 1. GHCL Limited 2. India Hostels Private Limited 3. Sachin Tradex Private Limited |
| 5. | <p>Name: Mr. Raman Chopra</p> <p>Designation: Non-Executive Director</p> <p>Address: C-143, Sector-44, Noida 201303</p> <p>Date of Birth: 25-11-1965</p> <p>DIN: 00954190</p> <p>Occupation: Service</p> <p>Current Term: Appointed as Non-executive Director on June 17, 220</p> <p>Period of Directorship: Since incorporation</p> <p>Nationality: Indian</p> | 57 | <ol style="list-style-type: none"> 1. GHCL Limited |

| Sr. No. | Name, Designation, Address, Date of Birth, DIN, Occupation, Current Term, Period of Directorship and Nationality | Age | Other Directorships |
|---------|--|-----|---------------------|
| 6. | <p>Name: Neelabh Dalmia</p> <p>Designation: Non-Executive Director</p> <p>Address: 9, Tees January Marg, New Delhi, 110011</p> <p>Date of Birth: 16-08-1983</p> <p>DIN: 00121760</p> <p>Occupation: Service</p> <p>Current Term: Appointed as Non-executive Director on June 17, 2020</p> <p>Period of Directorship: Since incorporation</p> <p>Nationality: Indian</p> | 39 | 1. GHCL Limited |

Brief Profile of the Directors

Dr. Manoj Vaish, Independent Director

Dr. Manoj Vaish (DOB – May 24, 1961) is an additional Director in the category of Independent Director. Dr. Vaish is B.Com. (Hon.) from S.R.C.C. and M.B.A. (Major-Finance) from F.M.S., Delhi University and holds PhD degree. He was awarded Dr. J. C. Ghosh Gold Medal for his MBA Examination. Dr. Vaish is having very rich experience in the area of finance, forex and securities market and had served various organisations including BSE, Dun & Bradstreet, Deutsche Bank, NSDL Database Management Ltd. etc. He is also having good exposure of Financial Educations & Training, Sales & Marketing, Risk Management, Credit Ratings and e-governance etc. At present, Mr. Vaish is a Director on the Board of GHCL Limited, Mirae Asset Trustee Company Private Limited and Anand Rathi Financial Services Limited. He is Chairman of the Audit Committee and also a member of the Nomination & Remuneration Committee. Dr. Manoj Vaish is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He is not a member or Chairman of any Board or Committee in any other listed Company. He does not hold any shares in the Company.

Mrs. Vijaylaxmi Joshi (Ex-IAS), Independent Director

Mrs. Vijaylaxmi Joshi (DOB – August 1, 1958) is an additional Director in the category of Independent Director of the Company. Mrs. Vijaylaxmi Joshi is a 1980 batch IAS officer of the Gujarat cadre and she had served in various posts in the State and in the Centre including Joint and Additional Secretary in the Commerce Ministry; Secretary in the Ministry of Panchayati Raj. She had also been appointed as an Officer on Special Duty in the Ministry of Drinking Water and Sanitation. Lastly, she was head of the Swachh Bharat Abhiyan, the Clean India programme. Under State level, she had also been deputed as Managing Director of Government Company such as Gujarat Mineral Development Corporation Ltd. At present, Mrs. Joshi is a Director on the Board of Adani Enterprises Limited and GHCL Limited. She is also a member of the Audit Committee of Adani Enterprises Limited. She is a chairperson of the Nomination & Remuneration Committee and CSR Committee and also a member of the Audit Committee. Mrs. Joshi is neither a member of more than 10 Committees nor a Chairperson of more than 5 Committees. She does not hold any shares in the Company.

Mr. Arun Kumar Jain (Ex-IRS), Independent Director

Mr. Arun Kumar Jain, IRS (DOB – January 4, 1956) is an additional Director in the category of Independent Director. Mr. Jain is a retired Indian Revenue Service (IRS) and he had served in various posts under Department of Revenue including Chairman of Central Board of Direct Taxes. He is having a vast knowledge and experience in the field of taxation. At present, Mr. Jain is a Director on the Board of GHCL Limited, West End Housing Finance Limited, Sahara India Life Insurance Company Limited, M R Technofin Consultants Private Limited and West End Investment and Finance Consultancy Pvt. Ltd. He is Chairman of the Risk Management Committee and Stakeholder's Relationship Committee and also a member of the Audit Committee and Nomination & Remuneration Committee of the Company. Mr. Jain is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He does not hold

any shares in the Company.

Mr. Ravi Shanker Jalan, Non- Executive Director

Mr. R S Jalan is a Non-Executive Director of the Company since June 17, 2020. 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. Mr. R S Jalan has more than three decades of Industrial experience. Mr. Jalan is an expert in the area of business strategy, M&A, supply chain management, Governance, Sustainability, Forex and treasury management, Risk management, Stakeholders engagement, CSR, business development, digitization and cyber security etc. At present, Mr. Jalan is a Managing Director of GHCL Limited. He is a member of Stakeholders Relationship Committee, CSR Committee and Risk & Sustainability Committee of the Company. Mr. Jalan is neither a member of more than 10 Committees nor a Chairperson of more than 5 Committees.

Mr. Raman Chopra, Non-Executive Director

Mr. Raman Chopra is Non-Executive Director of the Company since June 17, 2020. He is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India. Mr. Chopra is having wide experience in Corporate Finance and Textiles and is in charge of Finance, accounts, taxation, IT, commercial, green filed project, sustainability, corporate governance, and risk management. Mr. Chopra has more than three decades of Industrial experience. At present, Mr. Chopra is a whole tile Director of GHCL Limited. He is a member CSR Committee, Stakeholders Relationship Committee, Banking & Operations Committee and Risk Management Committee of the Company. Mr. Chopra is neither a member of more than 10 Committees nor a Chairperson of more than 5 Committees.

Mr. Neelabh Dalmia, Non-Executive Director

Mr. Neelabh Dalmia is a Non-Executive Director of the Company since June 17, 2020. He holds a Master of Business Administration (MBA) and a Bachelor's 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. His experience includes setting up green-field projects from planning, investment to implementation and in mergers & acquisitions.

Mr. Neelabh Dalmia is a Co-Chairman of the International Affairs Committee for ASEAN East Asia & Oceania of the PHD Chamber of Commerce and Industry (PHDCCI). PHDCCI is a leading Industry Chamber of India ever since its inception in 1905 and has been an active participant in the India growth Story through its Advocacy Role for the Policy Makers and Regulators of the Country. At present, Mr. Dalmia is a Whole Time Director of GHCL Limited. Mr. Neelabh Dalmia is a member of Stakeholders Relationship Committee, CSR Committee and Risk Management Committee of the Company. Mr. Neelabh Dalmia is neither a member of more than 10 Committees nor a Chairperson of more than 5 Committees.

Relationship between Directors

As on the date of this Information Memorandum, none of our Directors are related to each other as per the provisions of Companies Act, 2013.

Borrowing power of our Board

Pursuant to the resolution dated September 27, 2021, passed by the shareholders in the Extra-Ordinary General Meeting, the Board is authorised to borrow money, as and when required, from time to time any sum or sums of money for the purpose of the business of the Company, from any Bank and/or other Financial Institution and/or lender and/or anybody corporate/entity/ entities and/or authority/authorities wherever from India or outside India, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (a part from temporary loans obtained from the Company's Bankers in the ordinary course of business) may, at any time exceed the aggregate of its paid-up share capital, free reserves and securities premium, that is to say reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors shall not at any time exceed the limit up to ₹ 1,000 Crores (Rupees One Thousand Crores Only.)

Arrangement or understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed on the Board or as a member of the senior management.

Service contracts with our Directors

The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.

Compensation payable to Non-Executive Directors

As approved by the board of directors of our Company at its Board Meeting held on March 6, 2023, all the Non-Executive Directors have voluntarily offered not to take any sitting fees from our Company for attending meetings of Board and Committees thereof.

Compensation payable to Independent Directors

As approved by the board of directors of our Company at its Board Meeting held on March 6, 2023 and subject to the approval by the members of our company, the Independent Directors shall be paid remuneration in the form of sitting fees per Board meetings of ₹ 15000 and per all Committee meetings of ₹ 5000 and other terms of appointment as may be decided by the Board of Directors of our Company.

Remuneration paid to our Directors during previous financial year

No Remuneration has been paid to our Directors during previous financial year.
No benefits in kind have been granted to our Directors during previous financial year.

Bonus or profit-sharing plans for our Directors

None of our Directors are entitled to participate in any bonus or profit-sharing plan of our Company.

Shareholding of our Directors

Except for the following Directors, no other Directors hold any shares in our Company:

| Sr. No. | Name of Director | No. of Equity Shares held | % of holding* |
|---------|------------------------|---------------------------|---------------|
| 1. | Dr. Manoj Vaish | NIL | - |
| 2. | Mrs. Vijaylaxmi Joshi | NIL | - |
| 3. | Mr. Arun Kumar Jain | NIL | - |
| 4. | Mr. Ravi Shanker Jalan | 4,50,000 | 0.47 |
| 5. | Mr. Raman Chopra | 1,75,000 | 0.18 |
| 6. | Mr. Neelabh Dalmia | 1,09,650 | 0.11 |

**Post implementation of the Scheme*

As per AOA of our Company, Directors are not required to hold any qualification shares in our Company.

Appointment of relatives of Directors to any office or place of profit

None of the relatives of our Directors currently hold any office or place of profit in our Company:

Other Confirmations

1. None of our Directors are on the RBI list of willful defaulters as on the date of this Information Memorandum.
2. None of our Directors are or were directors of any listed company whose shares (a) have been or were suspended from trading on any of the stock exchanges or (b) delisted from the stock exchanges during his/her tenure during the five years prior to the date of filing this Information Memorandum.
3. None of the Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

Interests of Directors

Our Directors are interested in our Company in the following manner: -

All our non-executive Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them by our Company and our independent Directors may be deemed to be interested to the extent of sitting fees and commission, if any, payable to them for attending meetings of our Board or committees thereof.

Our Directors may also be deemed to be interested to the extent of Equity Shares, if any, held by them and their relatives, to the extent of any dividends payable to them and other distributions in respect of the said Equity Shares;

Our Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firms or LLPs in which they are partners as declared in their respective declarations.

Changes in our Board since incorporation

| Name of person | Date of Appointment/ Date of change | Nature of change | Reason |
|------------------------|--|------------------|--|
| Dr. Manoj Vaish | March 6, 2023 | Appointment | Appointed as Additional(Independent) Director |
| Mrs. Vijaylaxmi Joshi | March 6, 2023 | Appointment | Appointed as Additional (Independent) Director |
| Mr. Arun Kumar Jain | March 6, 2023 | Appointment | Appointed as Additional (Independent) Director |
| Mr. Ravi Shanker Jalan | June 17, 2020 | Appointment | Appointed as Non-Executive Director w.e.f. June 17, 2020 |
| Mr. Raman Chopra | June 17, 2020 | Appointment | Appointed as Non-Executive Director w.e.f. June 17, 2020 |
| Mr. Neelabh Dalmia | June 17, 2020 | Appointment | Appointed as Non-Executive Director w.e.f. June 17, 2020 |

Corporate Governance

The provisions of SEBI Listing Regulations and the Companies Act pertaining to the composition of the Board of Directors and the constitution of the committees such as the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committees have been complied by our Company.

We believe we are in compliance with the requirements of the applicable regulations, including the Listing Agreement with the Stock Exchanges, the SEBI Listing Regulations and the Companies Act, 2013, in respect of corporate governance including constitution of the Board and committees thereof. The corporate governance framework is based on an effective independent board, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

Our Board of Directors is constituted in compliance with the Companies Act, and the SEBI Listing Regulations and in accordance with best practices in corporate governance, our Board of Directors functions either as a full board or through management which provides our Board of Directors detailed reports on its performance periodically.

Currently, our Company has 6 (Six) Directors on the Board out of which 3 (Three) are Non-Executive Directors and 3 (Three) are Independent Directors including one Woman Director. There is no permanent Chairman and directors elected one among themselves as Chairman for the Meeting. Moreover, all the directors are Non-executive, hence it can be inferred that our Chairman is a Non-Executive Director.

Committees of our Board

In compliance with the corporate governance norms, our Company has constituted the following committees:

A) Audit Committee

- B) Stakeholders Relationship Committee
- C) Nomination and Remuneration Committee
- D) Corporate Social Responsibility Committee
- E) Risk Management Committee
- F) Banking & Operations Committee

A. Audit Committee

Our Company has constituted an audit committee (“**Audit Committee**”), as per the provisions of Section 177 of the Companies Act read with Regulation 18 of the SEBI Listing Regulations vide resolution passed in the meeting of the Board of Directors held on March 6, 2023.

Composition of the Audit Committee

The committee presently comprises the following three directors:

| Sr. No. | Name of Director | Position | Nature of Directorship |
|----------------|--------------------------------|-----------------|-------------------------------|
| 1. | Mr. Manoj Vaish | Chairperson | Independent Director |
| 2. | Mrs. Vijaylaxmi Joshi (Ex-IAS) | Member | Independent Director |
| 3. | Mr. Arun Kumar Jain (Ex-IRS) | Member | Independent Director |

Mr. Lalit Narayan Dwivedi, the Company Secretary & Compliance Officer of our Company acts as the Secretary of the Audit Committee.

Terms of Reference of Audit Committee

The terms of reference of the Audit Committee include the following:

- a. oversight of the listed entity’s financial reporting process and the disclosure of its financial information to Oversight of the company’s financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee and also approval for payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- c. Reviewing with the management, the annual financial statements and auditor’s report thereon before submission to the Board for approval, with particular reference to;
 - Matters required to be included in the Director’s Responsibility statement to be included in the Board’s Report in terms of Section 134(3)(c) of the Companies Act, 2013
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Modified opinion(s) in the draft audit report.
- d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- e. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
- f. Reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process;
- g. Approval or any subsequent modification of transactions of the company with related parties;

- h. Scrutiny of inter-corporate loans and investments;
- i. Valuation of undertakings or assets of the company, wherever it is necessary;
- j. Evaluation of internal financial controls and risk management systems;
- k. Reviewing with the management, performance of the statutory and internal auditors' and adequacy of internal control systems.
- l. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- m. Discussion with internal auditors any significant findings and follow up there on.
- n. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- o. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- q. To review the functioning of the Whistle Blower mechanism;
- r. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience & background, etc. of the candidate.
- s. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- t. Recommending to the Board, the appointment / reappointment of the Cost Auditors and Secretarial Auditor.
- u. Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
- v. Review the adequacy of the compliance monitoring system
- w. Assists the Board in relation to the company's compliance and its value system
- x. Engage in the process evaluating, developing, recommending and implementing strategy, policy, procedures, processes, code of conduct, standards in respect of compliance and its value system.
- y. Any other activities as per the requirement of Regulation 18 of the Listing Regulations and applicable provisions of the Companies Act, 2013.

B. Stakeholders Relationship Committee

In compliance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations, our Company has constituted a Stakeholders Relationship Committee vide resolution passed at the meeting of the Board held on March 6, 2023.

Composition of Stakeholders Relationship Committee

The committee presently comprises the following three directors:

| Sr. No. | Name of Director | Position | Nature of Directorship |
|---------|------------------------|-------------|------------------------|
| 1. | Mr. Arun Kumar Jain | Chairperson | Independent Director |
| 2. | Mr. Ravi Shanker Jalan | Member | Non-Executive Director |
| 3. | Mr. Raman Chopra | Member | Non-Executive Director |
| 4. | Mr. Neelabh Dalmia | Member | Non-Executive Director |

Terms of Reference of Stakeholders Relationship Committee

The terms of reference of the Stakeholders Relationship Committee include the following:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

C. Nomination and Remuneration Committee

In compliance with section 178(1) of the Companies Act and Regulation 19 of the SEBI Listing Regulations, our Company has constituted a Nomination and Remuneration Committee *vide* resolution passed by the Board of Directors of our Company at its meeting on March 6, 2023

Composition of Nomination and Remuneration Committee

The committee presently comprises the following three directors:

| Sr. No. | Name of Director | Position | Nature of Directorship |
|---------|-----------------------|-------------|------------------------|
| 1. | Mrs. Vijaylaxmi Joshi | Chairperson | Independent Director |
| 2. | Dr. Manoj Vaish | Member | Independent Director |
| 3. | Mr. Arun Kumar Jain | Member | Independent Director |

The role of the Nomination and Remuneration shall be in accordance with Section 178 of the Companies Act 2013 and as per Regulation 19 and Part D of Schedule II of SEBI Listing Regulations as follows:

- To identify persons who are qualified:
 - to become directors; and
 - who may be appointed in senior management in accordance with the criteria laid down by the company. The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
- To recommend to the Board the appointment and removal of person identified under point (1) above.
- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- On every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - use the services of an external agencies, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidates.
- To devise a policy on diversity of Board of Directors.

- f. To formulate the criteria for evaluation of performance of Independent Directors and Board of Directors.
- g. To decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- h. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
- i. Any other activities as per the requirement of Regulation 19 of the Listing Regulations and the Companies Act, 2013.

D. Corporate Social Responsibility Committee

In compliance with Section 135 of the Companies Act, our Company has constituted a corporate social responsibility committee vide resolution passed by Board of Directors of our Company at its meeting held on March 6, 2023.

Composition of Corporate Social Responsibility Committee

The committee presently comprises following three Directors:

| Sr. No. | Name of Director | Position | Nature of Directorship |
|----------------|-------------------------|-----------------|-------------------------------|
| 1. | Mrs. Vijaylaxmi Joshi | Chairperson | Independent Director |
| 2. | Mr. Ravi Shanker Jalan | Member | Non-Executive Director |
| 3. | Mr. Raman Chopra | Member | Non-Executive Director |
| 4. | Mr. Neelabh Dalmia | Member | Non-Executive Director |

Terms of Reference of Corporate Social Responsibility Committee

CSR Committee shall be responsible for the following activities:

- a. To approve CSR strategies, budgets, plans and corporate policies;
- b. To approve CSR's risk management strategy and frameworks and monitoring their effectiveness;
- c. Considering the social, ethical and environmental impact of CSR's activities and monitoring compliance with CSR's sustainability policies and practices;
- d. To review the CSR activities undertaken during the financial year;
- e. To review and modify the approved budget based on the progress report of the implementing agency (like GHCL Foundation Trust etc.) as recommended by CSR Committee from time to time;
- f. Inclusion and modification of CSR activities based on the need assessment survey conducted by the independent agency and impact assessment analysis with respect to CSR activities undertaken by the Company;
- g. To empower the KMP for taken appropriate steps with an objective to achieve CSR goal determined by the Board;
- h. To ensure that company shall respect human rights concern throughout its operations and if required develop a framework for managing, mitigating and preventing adverse human rights impacts;
- i. To review of the progress report of CSR Activities;
- j. Giving of directions for effective implementation of CSR projects.
- k. Any other activities as per the requirement of the Listing Regulations and /or the Companies Act, 2013.

E. Risk Management Committee

In compliance with Regulation 21 of the SEBI Listing Regulations, our Company has voluntarily constitute Risk Management Committee vide resolution passed by Board of Directors of our Company at its meeting held on March 6, 2023.

Composition of Risk Management Committee

The committee presently comprises following four Directors:

| Sr. No. | Name of Director | Position | Nature of Directorship |
|----------------|-------------------------|-----------------|-------------------------------|
| 1. | Mr. Arun Kumar Jain | Chairperson | Independent Director |
| 2. | Mr. Ravi Shanker Jalan | Member | Non-Executive Director |
| 3. | Mr. Raman Chopra | Member | Non-Executive Director |
| 4. | Mr. Neelabh Dalmia | Member | Non-Executive Director |

Roles and responsibilities of Risk Management Committee

Roles and responsibilities of Risk Management Committee shall be governed by the following terms of reference:

- a. To formulate a detailed risk management policy which shall include:
 - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - Measures for risk mitigation including systems and processes for internal control of identified risks.
 - Business continuity plan.
- b. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- c. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- d. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- e. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- f. To review of appointment, removal and terms of remuneration of the Chief Risk Officer (if any) in line with the SEBI LODR regulations.
- g. Advise sustainable strategy and policy on climate change, health, safety and environment, social and community matters;
- h. Ensure appropriateness of the Sustainability management systems and frameworks.
- i. Ensure effectiveness of the company's external reporting of sustainability performance and its participation in external benchmarking indices.
- j. Ensure that a safe and healthy working environment is a primary objective and is fundamental to the Company's business operations;
- k. Keep upto date with Environmental, Social and Governance (ESG) best practices and thought leadership.
- l. Responsible for the oversight of diversity & inclusion (D&I) matters, people and community engagement and monitoring of corporate culture in support of the company's purpose and values, reporting to the Board on such matters as appropriate.
- m. Balance non-financial targets and commitments with the sustainability strategy with the delivery of financial value for shareholders and other stakeholders.
- n. Monitor and review changes in the company's reputation and its stakeholders expectations on sustainability and ensure the Board is kept appropriately informed;
- o. Bring best practice thinking and ongoing awareness of global developments in sustainability.
- p. Any other activities as per the requirement of the Listing Regulations and /or the Companies Act, 2013 and other applicable provisions or suggested norms, if any.

F. Banking & Operations Committee

Our Company has constitute Banking & Operations Committee vide resolution passed by Board of Directors of our Company at its meeting held on March 6, 2023.

Composition of Banking & Operations Committee

The committee presently comprises following three Directors:

| Sr. No. | Name of Director | Position | Nature of Directorship |
|---------|------------------------|----------|------------------------|
| 1. | Mr. Ravi Shanker Jalan | Member | Non-Executive Director |
| 2. | Mr. Raman Chopra | Member | Non-Executive Director |
| 3. | Mr. Neelabh Dalmia | Member | Non-Executive Director |

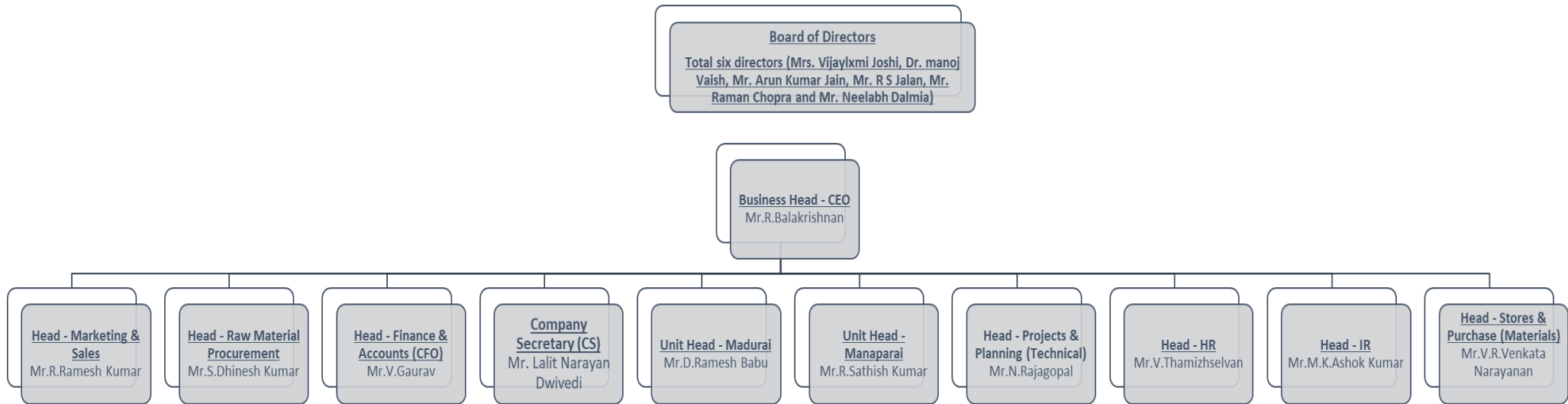
Terms of Reference of Banking & Operations Committee

Banking & Operations Committee shall be governed by the following terms of reference:

- a. Banking operations including the opening of accounts, its closure, net banking authorization, change of authorized signatories and all related matters.
- b. Authorization in favour of the signatories to sign documents/ agreement for a term loan, working capital borrowing (fund based & non-fund based), short term loan, acceptance/ variation of terms and conditions of borrowing, commercial paper, work related to any other business operations in line with the statutory requirements and /or delegated authority accorded by the Board / Shareholders of the Company.
- c. Issue of Power of attorney and /or authorization letter.
- d. Authority for dealing with Central Government/State Government including their agents and various statutory/ judicial/regulatory/local/commercial/tax departments/electricity company & board/ telephone company/ industry forum etc. and other authorities on behalf of the Company.
- e. Authority for taking/giving property on rent/lease for the business requirements of the Company e.g. office premises, godown, warehouse, etc. subject to compliance of statutory requirements.
- f. Authorization in favour of the employees to represent the Company in the Court / Tribunal / Registrar or any quasi-judicial authorities etc.
- g. The Committee shall be authorized to act on the direction of the Board and do not deal with the matters reserved for the Board or the shareholders as per the applicable provisions of the Companies Act, 2013 read with applicable rules, notifications, and circulars issued thereon.

Management Organizational Structure

The management organizational structure of our Company is as under:



Key Managerial Personnel

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Below are the details of our Key Managerial Personnel.

R. Balakrishnan, aged 58 years, is the CEO (Yarn Operations) spearheads the operations, marketing and all development strategies of GHCL's Yarn / Spinning Division which is headquartered in Madurai with a branch unit at Manaparai both located in Tamil Nadu. Mr. Balakrishnan joined GHCL in 2004. Prior to joining GHCL, he was with Nahar Group of Companies. He has a rich and varied experience of more than three decades in yarn spinning and is also adept in all technical & commercial aspects. He holds a bachelor's degree in Textile Technology from PSG Institute of Technology, Coimbatore. Mr. Balakrishnan has been associated with GHCL for almost two decades. A marketing musketeer and a leader who has a great vision, Mr. Balakrishnan is marching his team to make this division as a Great Place to Work. Mr. Balakrishnan is also an active member of Rotary Club of Madurai. He has appointed as CEO of our Company w.e.f. March 06, 2023.

Mr. Gaurav V, aged 34 years, is the CFO of our Company. Mr. Gaurav V (Date of Birth: July 3, 1988) is a Chartered Accountant. He has experience in manufacturing sectors such as engineering, automobile and textiles. Mr. Gaurav also comes up with experience in Green field project set up, process controls and improvements, Cost optimization, Budgeting, pricing etc. Currently he is associated with GHCL Limited as Asst. General Manager (Finance) and working as Head of Finance and IT Department of Spinning division. He has appointed as CFO of our Company w.e.f. March 06, 2023.

Mr. Lalit Narayan Dwivedi, aged 37 years, is the Company Secretary and Compliance Officer of our Company having Membership of ICSI: FCS 10487. Successfully passed final examination of Company Secretary from Institute of Company Secretaries of India (ICSI), New Delhi, in the year 2011 and obtained membership in January 2013 after successful training. L.L.B from Dr. Ram Manohar Lohiya Awadh University, Faizabad (U.P.) in 2012. Post Graduate Diploma in Computer Application from K.B. Institute of Technology & Management, Faizabad in 2007. Mr. Lalit is having nine years of wide experience as Company secretary in promoter group of GHCL and hands on experience on restructuring and NBFC companies etc. Mr. Lalit is having requisite qualification as required under Section 2(24) of the Companies Act, 2013 and readwith Section 2 (1) (c) of the Company Secretaries Act, 1980 is eligible to be appointed as Company Secretary and Compliance Officer of GHCL Textiles Limited. He has appointed as Company Secretary and Compliance Officer of our Company w.e.f. March 06, 2023.

All the Key Managerial Personnel of our Company are permanent employees of our Company.

Service contracts with Key Managerial Personnel

Except for the terms set forth in their respective appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements with our Company for provision of benefits or payments of any amount upon termination of employment.

Arrangement or understanding with major shareholders, customers, suppliers or others

None of our Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

Relationship amongst the Key Managerial Personnel of our Company

None of the Key Managerial Personnel are related to each other within the meaning of Section 2 (77) of the Companies Act, 2013.

Remuneration paid to our Key Managerial Personnel during previous financial year

The Company has not paid any remuneration to the above KMPs for Fiscal 2022 as all of them have been appointed w.e.f. March 06, 2023.

No benefits in kind have been granted to our Key Managerial Personnel during previous financial year.

Bonus or profit-sharing plans for our Key Managerial Personnel

None of our KMPs is entitled to participate in any bonus or profit-sharing plan of our Company.

Shareholding of our Key Managerial Personnel

None of KMPs holds any shares in our Company:

Contingent or Deferred Compensation of Key Managerial Personnel

None of our Key Managerial Personnel have received or are entitled to any contingent or deferred compensation.

Loans to Key Managerial Personnel

None of our Key Managerial Personnel have availed any loans as on the date of this Information Memorandum.

Interest of Key Managerial Personnel

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Further, the Key Managerial Personnel may be regarded as interested in the Equity Shares held by them, if any, and to the extent of any dividend payable to them and other distributions in respect of such Equity Shares.

Except as stated in chapter titled “*Related Party Transactions*” beginning on page 95 of this Information Memorandum and as described herein above, our Key Managerial Personnel do not have any other interest in our business.

Changes in Key Managerial Personnel during last three years

| Name | Date of change | Nature of change | Reason |
|---------------------------|-----------------------|-------------------------|---|
| Mr. R. Balakrishnan | March 6, 2023 | Appointment | Appointed as CEO |
| Mr. Gaurav V | March 6, 2023 | Appointment | Appointed as CFO |
| Mr. Lalit Narayan Dwivedi | March 6, 2023 | Appointment | Appointed as Company Secretary and Compliance Officer |

Stock Option/ Stock Purchase Scheme for employees

Presently, our Company does not have any employee stock option/employee stock purchase scheme for employees. Basis Clause 9.3 of the Scheme, upon the Scheme becoming effective, the Company shall issue fresh employee stock options to the employees migrated / transferred from GHCL Limited pursuant to the Scheme, subject to applicable regulatory laws, 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 GHCL Limited ESOP Plan.

Payment or benefit to Key Managerial Personnel of our Company

No amount or benefit has been paid or given since incorporation or is intended to be paid or given to any of our Key Management Personnel, which are not part of their remuneration for services rendered in the capacity of being an employee.

OUR PROMOTERS AND PROMOTER GROUP

PROMOTERS

The Promoters of our Company are:

Individual Promoters

1. Anurag Dalmia HUF
2. Mr. Anurag Dalmia
3. Mr. Neelabh Dalmia

Corporate Promoters

| Sr. No. | Name of Promoter Entity/Company |
|---------|---|
| 1. | Hindustan Commercial Company Limited |
| 2. | Gems Commercial Company Limited |
| 3. | Oval Investment Private Limited |
| 4. | Lhonak Enternational Private Limited |
| 5. | Carissa Investment Private Limited |
| 6. | Harvatex Engineering And Processing Company Limited |
| 7. | Wgf Financial Services Ltd |
| 8. | Anurag Trading Leasing And Investment Company Private Ltd |
| 9. | Dalmia Finance Ltd |
| 10. | Archana Trading And Investment Company Private Limited |
| 11. | Bharatpur Investment Limited |
| 12. | Sanjay Trading Investment Company Private Limited |
| 13. | General Exports And Credits Limited |
| 14. | Golden Tobacco Limited |
| 15. | Pashupatinath Commercial Pvt. Ltd. |
| 16. | Sovereign Commercial Pvt.Ltd. |
| 17. | Dalmia Housing Finance Limited |
| 18. | Trishul Commercial Pvt.Ltd. |
| 19. | Swastik Commercial Pvt.Ltd. |
| 20. | Alankar Commercial Private Limited |
| 21. | Ricklunsford Trade And Industrial Investment Ltd |
| 22. | Chirawa Investment Limited |
| 23. | Lakshmi Vishnu Investment Limited |
| 24. | Mourya Finance Limited |
| 25. | Sikar Investment Company Limited |
| 26. | Antarctica Investment Pvt Ltd |
| 27. | Comosum Investment Pvt Ltd |
| 28. | Lovely Investment Pvt Ltd |
| 29. | Altar Investment P Ltd |
| 30. | Ilac Investment Private Limited |
| 31. | Dear Investment P. Ltd. |
| 32. | Banjax Limited |
| 33. | Hexabond Limited |


As on the date of this Information Memorandum, our Promoters hold 18210535 Equity Shares of the issued, subscribed and paid-up Equity Share capital of our Company. Our Promoters have acquired shareholding in our Company pursuant to the Scheme. GHCL Limited was the original promoter of our Company. For details, see section

“pre and post shareholding pattern of our Company” at page 32 above.


Profile of our Promoters

Individual Promoter


1. Anurag Dalmia HUF

| | | |
|---|--|----------------------------------|
|  | <p>Anurag Dalmia is Karta of Anurag Dalmia HUF, is one of the Promoters of our Company.</p> | <p>Other Directorships: N.A.</p> |
|---|--|----------------------------------|

2. Mr. Anurag Dalmia

| | | |
|---|--|--|
|  | <p>Mr. Anurag Dalmia, aged 66 years, is the Promoters of our Company. Mr. Anurag Dalmia is an eminent Industrialist and is also representing PHD Chambers of Commerce and Industry. In the past, Mr. Anurag Dalmia had also represented Confederation of Indian Textile Industry. He has a vast knowledge and experience in field of entrepreneurship, leadership and business strategy.</p> <p>Date of Birth: May 11, 1956</p> | <p>Other Directorships:</p> <ul style="list-style-type: none"> • PHD CHAMBER OF COMMERCE AND INDUSTRY |
|---|--|--|

3. Mr. Neelabh Dalmia

| | | |
|---|---|--|
|  | <p>Mr. Neelabh Dalmia, aged 39 years, is a Non-Executive Director of the Company since June 17, 2020. He holds a Master of Business Administration (MBA) and a Bachelor's 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. His experience includes setting up green-field projects from planning, investment to implementation and in mergers & acquisitions.</p> | <p>Other Directorships:</p> <ul style="list-style-type: none"> • GHCL LIMITED |
|---|---|--|

| | | |
|--|---|--|
| | <p>Mr. Neelabh Dalmia is a Co-Chairman of the International Affairs Committee for ASEAN East Asia & Oceania of the PHD Chamber of Commerce and Industry (PHDCCI). PHDCCI is a leading Industry Chamber of India ever since its inception in 1905 and has been an active participant in the India growth Story through its Advocacy Role for the Policy Makers and Regulators of the Country. At present, Mr. Dalmia is a whole time Director of GHCL Limited. Mr. Neelabh Dalmia is a member of Stakeholders Relationship Committee, CSR Committee and Risk Management Committee of the Company. Mr. Neelabh Dalmia is neither a member of more than 10 Committees nor a Chairperson of more than 5 Committees.</p> <p>Date of Birth : August 16, 1983</p> | |
|--|---|--|

Corporate Promoters

| Sr. No. | Name of Promoter Entity/Company | Profile |
|---------|--------------------------------------|---|
| 1. | Hindustan Commercial Company Limited | Hindustan Commercial Company Limited, is a Public company, incorporated on August 09, 1984 under the Companies Act, 1956. The registered office of the Company is located at B-38, Ground Floor, GHCL House Institutional Area, Sector-1 Noida Gautam Buddha Nagar UP 201301, India, having CIN NO. U74110UP1984PLC099025. Hindustan Commercial Company Limited main line of business activity is Investment. |
| 2. | Gems Commercial Company Limited | Gems Commercial Company Limited, is a Public company, incorporated on February 01, 1983 under the Companies Act, 1956. The registered office of the Company is located at 20/1, Maharshi Debendra Road 2nd Floor Kolkata Kolkata WB 700007 India, having CIN NO. L51109WB1983PLC035777. Gems Commercial Company Limited main line of business activity is Investment. |
| 3. | Oval Investment Private Limited | Oval Investment Private Limited, is a Public company, incorporated on September 17, 1980 under the Companies Act, 1956. The registered office of the Company is located at B - 97, 2 nd Floor, Amrit Puri Garhi, East Of Kailash New Delhi DI 110065 India, having CIN No. U74899DL1980PTC010864. |

| Sr. No. | Name of Promoter Entity/Company | Profile |
|---------|---|---|
| | | Oval Investment Private Limited main line of business activity is Investment. |
| 4. | Lhonak Enternational Private Limited | Lhonak Enternational Private Limited, is a private company, the corporate office of the Company is located at 4356/4 - C, First Floor, Ansari Road, Darya Ganj, New Delhi-110002 Lhonak Enternational Private Limited main line of business activity is Investment. |
| 5. | Carissa Investment Private Limited | Carissa Investment Private Limited, is a private company, incorporated on November 11, 1980 under the Companies Act, 1956. The registered office of the Company is located at B-97 2 nd Floor Amrit Puri Garhi East of Kailash New Delhi South Delhi DL 110065 India, having CIN No. U65993DL1980PTC292654. Carissa Investment Private Limited main line of business activity is Investment. |
| 6. | Harvatex Engineering And Processing Company Limited | Harvatex Engineering and Processing Company Limited, is a public company, incorporated on June 28, 1982 under the Companies Act, 1956. The registered office of the Company is located at 20/1, Maharshi Debendra Road 2nd Floor Kolkata Kolkata WB 700007 India, having CIN No. L28939WB1982PLC035023. Harvatex Engineering and Processing Company Limited main line of business activity is Investment. |
| 7. | WGF Financial Services Ltd | WGF Financial Services Ltd, is a public company, incorporated on April 20, 1992 under the Companies Act, 1956. The registered office of the Company is located at MB-9, Indraprakash Building 21 Barakhamba Road Delhi New Delhi 110001 India, having CIN No. U65993DL1992PLC048390. WGF Financial Services Ltd main line of business activity is Investment. |
| 8. | Anurag Trading Leasing And Investment Company Private Ltd | Anurag Trading Leasing and Investment Company Private Ltd, is a public company, incorporated on March 22, 1974 under the Companies Act, 1956. The registered office of the Company is located at Gate No. 2, Ground Floor, YMCA Cultural Center Cum Library Building, 1 Jaisingh Road, New Delhi Central Delhi 110001 India, having CIN no U74899DL1974PTC007156. Anurag Trading Leasing and Investment Company Private main line of business activity is Investment |
| 9. | Dalmia Finance Ltd | Dalmia Finance Ltd, is a public company, incorporated on February 24, 1992 under the Companies Act, 1956. The registered office of the Company is located at MB-9, Indraprakash Building, 21 Barakhamba Road Delhi New Delhi 110001 India, having CIN No . U65910DL1992PLC047733. Dalmia Finance Ltd main line of business activity is Investment. |
| 10. | Archana Trading And Investment Company Private Limited | Archana Trading And Investment Company Private Limited, is a private company, incorporated on March 03, 1974 under the Companies Act, 1956. The registered office of the Company is located at Gate No.2, Ground Floor, YMCA Cultural Center Cum Library Building, 1 Jaisingh |

| Sr. No. | Name of Promoter Entity/Company | Profile |
|---------|---|--|
| | | Road, New Delhi New Delhi 110001 India, having CIN No . U74899DL1974PTC007153. Archana Trading And Investment Company Private Limited main line of business activity is Investment. |
| 11. | Bharatpur Investment Limited | Bharatpur Investment Limited, is a public company, incorporated on September 18, 1975 under the Companies Act, 1956. The corporate office of the Company is located at MB-9 Indraprakash Building 21, Barakhamba Road New Delhi 110001, having CIN no. U15421RJ1975PLC001652 Bharatpur Investment Limited main line of business activity is Investment. |
| 12. | Sanjay Trading Investment Company Private Limited | Sanjay Trading Investment Company Private Limited, is a private company, incorporated on March 22, 1974 under the Companies Act, 1956. The registered office of the Company is located at Gate No.2, Ground Floor, YMCA Cultural Centre Cum Library Building, 1 Jaisingh Road New Delhi Central Delhi 110001 India, having CIN No. U74899DL1974PTC007152. Sanjay Trading Investment Company Private Limited main line of business activity is Investment |
| 13. | General Exports And Credits Limited | General Exports and Credits Limited, is a public company, incorporated on February 02, 1983 under the Companies Act, 1956. The registered office of the Company is located at 3rd-Fr, Fl-301, 64b, G.T. Road (Bhadrakali) Lp-7/5, Hooghly Hooghly Wb 712232 India, having CIN no. L51109WB1983PLC035781. General Exports and Credits Limited main line of business activity is Investment |
| 14. | Golden Tobacco Limited | Golden Tobacco Limited, is a public company, incorporated on June 28, 1955 under the Companies Act, 1956. The registered office of the Company is located at Darjipura, Post - Amaliya Vadodara Gujarat 390022 India, having CIN No. L16000GJ1955PLC067605. Golden Tobacco Limited main line of business activity is manufacturing and trading of tobacco products (Cigarettes). This promoter entity is under CIRP and application was filed with NCLT, Ahmedabad and the said application was admitted and IRP has also been appointed. |
| 15. | Pashupatinath Commercial Pvt. Ltd. | Pashupatinath Commercial Pvt. Ltd., is a private company, incorporated on August 01, 1985 at Sikkim State. The corporate office of the Company is located at 4356/4 - C, First Floor, Ansari Road, Darya Ganj, New Delhi-110002 India. Pashupatinath Commercial Pvt. Ltd main line of business activity is Investment. |
| 16. | Sovereign Commercial Pvt.Ltd. | Sovereign Commercial Pvt. Ltd., is a private company, incorporated on March 19, 1985 at Sikkim State. The corporate office of the Company is located at 4356/4 - C, First Floor, Ansari Road, Darya Ganj, New Delhi-110002 India. Sovereign Commercial Pvt. Ltd main line of business activity is Investment. |
| 17. | Dalmia Housing Finance Limited | Dalmia Housing Finance Limited, is a public company, incorporated on September 24, 1980 under the Companies Act, 1956. The registered office of the Company is located at B-97, Second Floor, Amritpuri-B, Garhi, East Of Kailash, New Delhi South Delhi 110065 India, having CIN no. U65922DL1980PLC010881. |

| Sr. No. | Name of Promoter Entity/Company | Profile |
|---------|--|--|
| | | Dalmia Housing Finance Limited main line of business activity is Investment. |
| 18. | Trishul Commercial Pvt.Ltd. | Trishul Commercial Pvt. Ltd, is a private company, incorporated on August 01, 1985 at Sikkim state. The corporate office of the Company is located at 4356/4 - C, First Floor, Ansari Road, Darya Ganj, New Delhi-110002 India. Trishul Commercial Pvt. Ltd main line of business activity is Investment. |
| 19. | Swastik Commercial Pvt.Ltd. | Swastik Commercial Pvt. Ltd., is a private company, incorporated on July 09, 1985 at Sikkim State. The corporate office of the Company is located 4356/4 - C, First Floor, Ansari Road, Darya Ganj, New Delhi-110002, India. Swastik Commercial Pvt. Ltd. main line of business activity is Investment. |
| 20. | Alankar Commercial Private Limited | Alankar Commercial Private Limited, is a private company, incorporated on May 22, 1998 under the Companies Act, 1956. The registered office of the Company is located at No.71/11, Second Main Road, Gandhi Nagar, Adyar, Chennai Chennai TN 600020 India, having CIN No. U99999MH1998PTC115054. Alankar Commercial Private Limited main line of business activity is Investment |
| 21. | Ricklunsford Trade And Industrial Investment Ltd | Ricklunsford Trade and Industrial Investment Ltd, is a public company, incorporated on May 08, 1981 under the Companies Act, 1956. The registered office of the Company is located at B-97 2 nd Floor Amrit Puri Garhi East of Kailash New Delhi South Delhi 110065 India, having CIN no. U67120DL1981PLC292686. Ricklunsford Trade and Industrial Investment Ltd main line of business activity is Investment |
| 22. | Chirawa Investment Limited | Chirawa Investment Limited, is a private company, incorporated on October 25, 1993 under the Companies Act, 1956. The registered office of the Company is located at MB-9, Indraprakash Building 21 Barakhamba Road New Delhi 110001 India, having CIN No. U65993RJ1993PLC007763. Chirawa Investment Limited main line of business activity is Investment |
| 23. | Lakshmi Vishnu Investment Limited | Lakshmi Vishnu Investment Limited, is a private company, incorporated on October 09, 1978 under the Companies Act, 1956. The registered office of the Company is located at MB-9 Indraprakash Building 21 Barakhamba Road New Delhi 110001 India and having CIN No. U65993RJ1978PLC001815. Lakshmi Vishnu Investment Limited main line of business activity is Investment |
| 24. | Mourya Finance Limited | Mourya Finance Limited, is a private company, incorporated on October 09, 1978 under the Companies Act, 1956. The registered office of the Company is located at Ghane Sewar, By Pass Road, Bharatpur RJ 321001 India and having CIN No. U67120RJ1978PLC001816. Mourya Finance Limited main line of business activity is Investment. |
| 25. | Sikar Investment Company Limited | Sikar Investment Company Limited, is a private company, incorporated on October 09, 1978 under the Companies Act, 1956. The registered office of the Company is located at Ghana Sewar, Bypass Road, Bharatpur. 321001 RJ India and having CIN No. U67120RJ1978PLC001817. |

| Sr. No. | Name of Promoter Entity/Company | Profile |
|---------|---------------------------------|---|
| | | Sikar Investment Company Limited main line of business activity is Investment. |
| 26. | Antarctica Investment Pvt Ltd | Antarctica Investment Pvt Ltd, is a private company, incorporated on November 03, 1980 under the Companies Act, 1956. The registered office of the Company is located at B-97 2nd Floor Amrit Puri Garhi East of Kailash New Delhi South Delhi DL 110065 India and having CIN No. U65993DL1980PTC300180. Antarctica Investment Pvt Ltd main line of business activity is Investment. |
| 27. | Comosum Investment Pvt Ltd | Comosum Investment Pvt Ltd, is a private company, incorporated on November 03, 1980 under the Companies Act, 1956. The registered office of the Company is located at B-97 2nd Floor Amrit Puri Garhi East of Kailash New Delhi South Delhi DL 110065 India and having CIN No. U65993DL1980PTC292755. Comosum Investment Pvt Ltd main line of business activity is Investment |
| 28. | Lovely Investment Pvt Ltd | Lovely Investment Pvt Ltd, is a private company, incorporated on September 17, 1980 under the Companies Act, 1956. The registered office of the Company is located at B - 97, 2nd Floor, Amrit Puri Garhi, East Of Kailash New Delhi South Delhi DL 110065 IN India and having CIN No. U74899DL1980PTC010863. Lovely Investment Pvt Ltd main line of business activity is Investment |
| 29. | Altar Investment P Ltd | Altar Investment P Ltd, is a private company, incorporated on October 08, 1980 under the Companies Act, 1956. The registered office of the Company is located at B - 97, 2nd Floor, Amrit Puri Garhi, East Of Kailash New Delhi South Delhi DL 110065 IN India and having CIN No. U74899DL1980PTC010927. Altar Investment P Ltd main line of business activity is Investment |
| 30. | Ilac Investment Private Limited | Ilac Investment Private Limited, is a private company, incorporated on October 13, 1980 under the Companies Act, 1956. The registered office of the Company is located at B - 97, 2nd Floor, Amrit Puri Garhi, East Of Kailash New Delhi South Delhi DL 110065 IN India and having CIN No. U74899DL1980PTC010947. Ilac Investment Private Limited main line of business activity is Investment |
| 31. | Dear Investment P. Ltd. | Dear Investments Pvt Ltd, is a private company, incorporated on October 08, 1980 under the Companies Act, 1956. The registered office of the Company is located at B - 97, 2nd Floor, Amrit Puri Garhi, East Of Kailash New Delhi South Delhi DL 110065 India and having CIN No. U74899DL1980PTC010928. Dear Investments Pvt Ltd main line of business activity is Investment |
| 32. | Banjax Limited | Banjax Limited, is a public foreign company, incorporated on July 24, 1986. The corporate office of the Company is located at C/O Dalmia Bros Pvt Ltd, 2nd Floor, Indraprakash Building, New Delhi-110001 India Banjax Limited main line of business activity is Investment. |
| 33. | Hexabond Limited | Hexabond Limited, is a public foreign company, incorporated on February 2, 1987. The corporate office of the Company is located at C/O Dalmia Bros Pvt Ltd, 2nd Floor, Indraprakash Building, New Delhi-110001 India Banjax Limited main line of business activity is Investment. |

Change in control of our Company

Our Company was promoted and incorporated as wholly owned subsidiary of GHCL Limited. Pursuant to the Scheme, the shareholding of GHCL Limited was cancelled and the present Promoters have acquired control of our Company pursuant to the Scheme.

Nature and extent of interest of our Promoters

Interest in promotion of our Company

Our Promoters may be regarded as interested in our Company to the extent they or any of them have promoted our Company.

Interest in the property acquired by our Company

Our Promoters do not have any interest whether direct or indirect in any property acquired by our Company, within three years preceding the date of this Information Memorandum or proposed to be acquired by our Company as on the date of this Information Memorandum or in any transaction for acquisition of land, construction of buildings and supply of machinery, etc.

Interest of Promoters in our Company other than as Promoter

Our Promoters may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to them in capacity as Directors of our Company, if any, for attending meetings of our Board or committees thereof.

Our Promoters may be interested to the extent of Equity Shares, if any, held by them and their relatives (together with other distributions in respect of Equity Shares) of the Company.

Payment or Benefits to Promoters

Except as stated otherwise in the chapters titled “*Related Party Transactions*” on page 95, there has been no payment or benefit to our Promoters or Promoter Group during the two years prior to the filing of this Information Memorandum, nor is there any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Information Memorandum.

Companies with which our Promoters have disassociated in the last three years

Except as disclosed below, none of our Promoters have disassociated themselves any companies, firms or other entities during the last three years preceding the date of this Information Memorandum:

| Sr. No. | Name of Promoter | Company/Firm from which disassociated | Relationship | Details of disassociation | Reason/circumstances leading to disassociation |
|----------------|-------------------------|--|---------------------|----------------------------------|---|
| NA | NA | NA | NA | NA | NA |

PROMOTER GROUP

Our Promoter Group as defined under Regulations 2(1)(pp)(ii) & (iv) of the SEBI ICDR Regulations includes the following Companies/Trusts/ Partnership firms/HUFs or Sole Proprietorships are forming part of our Promoter Group:

| Sr. No. | Name of Promoter Group Entity/Company |
|----------------|--|
| 1 | Ram Krishna Dalmia Foundation |

Our Promoter Group (excluding our Promoters) hold NIL Equity Shares capital of our Company. For details of shareholding of members of our Promoter Group, see the chapter titled “*Capital Structure*” beginning on page 30.

Confirmations

No material guarantees have been given to third parties by our Promoters with respect to Equity Shares of our Company.

OUR GROUP COMPANIES

As per the requirements of the SEBI ICDR Regulations, the term ‘Group Company’, shall include such companies as covered under the applicable accounting standards (i.e. Ind AS 24 issued by the Institute of Chartered Accountants of India (ICAI)) and also any other company as considered “material” by the Board. Accordingly, the Materiality Policy for Determination of Group Companies has been adopted by the Company.

Pursuant to the policy on materiality, for the purpose of disclosures in the Offer Documents, as prescribed under the SEBI ICDR Regulations, other than the entities covered under Ind AS 24 as issued by the ICAI, there are no other entities which are considered “material” and ought to be classified as group companies of the Company in the Offer Documents.

1. GHCL Limited (GHCL) -

Corporate Information

GHCL was incorporated on October 14, 1983 under the Companies Act, 1956 having its registered office at GHCL House Opp Punjabi Hall Navrangpura Ahmedabad Gujarat 380009 India. Its Corporate Identification Number (CIN) is L24100GJ1983PLC006513.

GHCL equity shares are listed on the BSE and NSE.

Nature of activities

GHCL is engaged in the business of 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)

Nature and extent of interest of our Promoters in GHCL

Our Promoters are part of the promoter and promoter group of GHCL. Further, some of our Promoters are also on the board of GHCL. Accordingly, our Promoters may be deemed to be interested in GHCL to the extent of their shareholding in GHCL, dividend and other entitlements thereon and the remuneration paid or payable to any of them in their capacity as director(s) of GHCL.

Financial Performance

The brief financial performance of GHCL during preceding three financial years are as under:

| Particulars | March 31, 2022 | | March 31, 2021 | | March 31, 2020 | |
|--------------------------------------|----------------|--------------|----------------|--------------|----------------|--------------|
| | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated |
| Paid up Equity share capital | 95.35 | 95.35 | 95.01 | 95.01 | 95.01 | 95.01 |
| Reserve and Surplus/other equity | 2994.90 | 2990.22 | 2406.81 | 2389.24 | 2,090.55 | 2053.96 |
| Total Income | 3,789.17 | 3790.50 | 2,498.23 | 2498.64 | 3,272.44 | 3322.72 |
| Profit after tax (PAT) | 633.94 | 646.70 | 309.98 | 326.12 | 406.50 | 396.62 |
| Earnings per share (EPS)-Basic | 66.55 | 67.89 | 32.62 | 34.32 | 41.51 | 40.50 |
| Earnings per share (EPS)-Diluted | 66.35 | 67.68 | 32.54 | 34.23 | 41.51 | 40.50 |
| Net Asset Value per equity share (₹) | 324.10 | 323.60 | 263.32 | 261.47 | 230.03 | 226.18 |

(₹ in Crores)

Other disclosures

Details of Group Companies that have become sick or under winding up/ insolvency proceedings

None of our Group Companies have become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up/ insolvency proceedings under the Insolvency and Bankruptcy Code, 2016.

Defunct Group Companies

There are no defunct Group Companies and no applications have been made to the concerned registrar of companies for striking off the name of any of our Group Companies in the five years immediately preceding the date of this Information Memorandum.

Loss Making Group Companies

Except as disclosed in this chapter, none of our Group Companies has incurred a loss in the preceding three financial years.

Common Pursuits between the Group Companies and our Company

Some of our Promoters and members of Promoter Group are also members and promoters in our Group Companies. Some of our Directors hold directorships in our Group Companies. Except as disclosed herein, there are no other common pursuits or conflict of interest situations between our Group Companies and our Company.

Our Company will adopt the necessary procedures and practices as permitted or required by law to address any conflict of interest situation as and when it arises.

Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company

Other than the transactions disclosed in the chapter titled “*Related Party Transactions*” beginning on page 95, there are no other related business transactions within the Group Companies.

Other Confirmations

GHCL Limited, our Group Company are listed on NSE and BSE Stock Exchanges. Further Our Group Company has not made any public/rights issue in last three years preceding the date of this Information Memorandum.

None of our Group Company has been refused listing of any of their securities during the last ten years by any of the stock exchanges in India or abroad and have not failed to meet the listing requirements of any stock exchange in India or abroad and no penalty, including, suspension of trading has been imposed by such stock exchanges.

Share price information

The equity shares of GHCL are listed on NSE and BSE. The following table provides details of the highest and lowest price on NSE and BSE during the six months preceding the date of issue of IM:

| Month | BSE | | NSE | |
|----------------|--------|--------|--------|--------|
| | High | Low | High | Low |
| October, 2022 | 695.30 | 634.05 | 696.1 | 635 |
| November, 2022 | 659.65 | 560.05 | 659.4 | 560.15 |
| December, 2022 | 580.05 | 480.05 | 582.6 | 480 |
| January, 2023 | 552.00 | 464.90 | 552.2 | 464.15 |
| February, 2023 | 530.95 | 480.00 | 531 | 482.25 |
| March, 2023 | 527.40 | 492.60 | 528.60 | 488 |

Source: www.bseindia.com, www.nseindia.com

Nature and Extent of Interest of Group Company

Our Group Company does not have any interest in any transaction in acquisition of land, construction of building and supply of machinery, etc. in relation to our Company.

Our Group Company has not provided any unsecured loans to our Company except as disclosed in the “*Financial Statements*” on page 97.

Our Group Company, GHCL Limited has promoted the Company.

Except as disclosed in the “*Financial Statements*” on page 97, our Group Company does not have any business interests in our Company.

Except pursuant to the Scheme, there are no business transactions between our Group Company and our Company which are significant to the financial performance of our Company.

Litigation

Except as disclosed in “*Outstanding Litigation and Other Material Developments*” Page 148, our Group Company is not party to any pending litigations which will have a material impact on our Company.

Business Interest of Group Companies

Other than as stated above, none of our Group Company have any business interest in our Company.

RELATED PARTY TRANSACTIONS

For details of related party transactions of our Company, see “Financial Statements” on page 97.

DIVIDEND POLICY

Under the Companies Act, 2013, a company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders. Under the Companies Act, 2013 dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both. Further, the Company has also formulated a Dividend Policy.

Any dividends to be declared shall be recommended by the Board of Directors in line with the approved Dividend Policy, depending upon the financial condition, results of operations, profits earned during the year, present and future capital requirements of the existing businesses, brand/business acquisitions, expansion/modernization of existing businesses, fresh investments into external businesses, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other external factors and approved by the Equity Shareholders at their discretion but not limited to the earnings, applicable legal restrictions etc.

Dividends are payable within 30 days of approval by the Equity Shareholders at the annual general meeting of our Company. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the record date are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

Our Company has not paid any dividends since its incorporation.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

| Particulars | Page No |
|--|----------------|
| Audited Financial Statements for the period ended 31 st March, 2023 along with Auditors' Report thereon | 98 to 123 |
| Audited Financial Statements for the period ended 31 st March, 2022 along with Auditors' Report thereon | 124 to 142 |

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INDEPENDENT AUDITOR'S REPORT

To the Members of GHCL Textiles Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GHCL Textiles Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the 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 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, 2023, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 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 financial statements.

Emphasis of Matter

We draw attention to note 10 to the financial statements, which indicates that the demerger would be accounted on the Appointed date mentioned in the Scheme of Arrangement i.e. date of filing of certified true copy of the National Company Law Tribunal order along with the sanctioned Scheme with the Registrar of Company, instead of accounting of demerger in the current year from the beginning of the comparative period presented in the financial statements, since the substantial conditions relating to transfer of demerged undertaking were met during the current year, as required under applicable Indian Accounting Standards prescribed under Section 133 of the Act.

Accordingly, no accounting treatment in respect of the demerger has been carried out in these financial statements, as the approved Scheme would prevail over the applicable Indian Accounting Standards. Our opinion is not modified in respect of this matter.

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 Board Report, but does not include the financial statements and our auditor's report thereon.



Our opinion on the 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 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.

Responsibility of Management for the 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 financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements, including the disclosures, and whether the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, 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 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 as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The Company has not paid/provided managerial remuneration during the year ended March 31, 2023 to its directors. Accordingly, the requirements to report on compliance of Section 197 of the Act as required by Section 197(16) of the Act is not applicable to the Company.

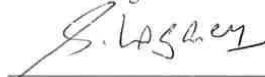


S.R. BATLIBOI & Co. LLP

Chartered Accountants

- (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:
- i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv.
 - a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 12 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 12 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. No dividend has been declared or paid during the year by the Company.
 - vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



per **Sonika Loganey**

Partner

Membership Number: 502220

UDIN: **23502220BGYHPPF8846**

Place of Signature: Gurugram

Date: April 12, 2023



Annexure I referred in paragraph under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: GHCL Textile Limited ("the Company")

(i) (a), (b), (c) and (d) The Company does not have any property, plant & equipment or intangible assets in the books of the Company. Accordingly, the requirements to report on clause 3(i)(a)(A), 3(i)(a)(B), 3(i)(b), 3(i)(c) and 3(i)(d) of the Order are not applicable to the Company.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company does not have commercial operations and therefore does not have inventories. Accordingly, the requirements to report on clause 3(ii)(a) of the Order are not applicable to the Company.

(b) The Company has not been sanctioned any working capital limits from banks or financial institutions during any point of time of the year on the basis of security of current assets of the Company. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) During the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) to 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to 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 requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) Since the Company does not have commercial operations upto 31st March, 2023, the requirements relating to report on clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services tax, income-tax, duty of customs, duty of excise, cess and other statutory dues applicable to it. The provisions related to the provident fund, employees' state insurance, sales-tax, service tax, duty of customs, value added tax and duty of excise are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.



(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year. Accordingly, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments). Accordingly, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit. Accordingly, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-Section (12) of Section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with Section 188 of Companies Act, 2013 and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to Section 177 of the Act is not applicable to the Company.

(xiv) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) and 3(xiv)(b) of the Order is not applicable to the Company.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, the requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of Section 45-1A of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

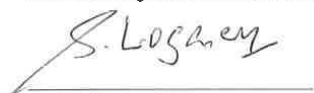
(xvii) The Company has incurred cash losses amounting to Rs. 67,450/- in the current year and amounting to Rs. 11,800/- in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note No. 12 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The provision of Section 135 of the Act is not applicable on the Company. Accordingly, the requirements to report on clause 3(xx) of the Order are not applicable to the Company.

For **S.R. Batliboi & Co LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



per **Sonika Loganey**
Partner
Membership Number: 502220
UDIN: **23502220B6YHPF8846**
Place of Signature: Gurugram
Date: April 12, 2023



ANNEXURE 2: TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF GHCL TEXTILES 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 with reference to financial statements of GHCL Textiles Limited ("the Company") as of March 31, 2023, in conjunction with our audit of the 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 ("ICAI"). 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these 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 Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these 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 Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls with Reference to these Financial Statements



A company's internal financial controls with reference to 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 controls with reference to 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, 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 issued by the ICAI.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005



per **Sonika Loganey**
Partner

Membership Number: 502220

UDIN: **23502220B6YHPF3846**

Place of Signature: Gurugram

Date: April 12, 2023



GHCL Textiles Limited
Balance Sheet as at March 31, 2023
(InNR in hundreds unless specified otherwise)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 |
|--|----------|-------------------------|-------------------------|
| I. Assets | | | |
| (1) Current assets | | | |
| (a) Financial assets | | | |
| - Cash and cash equivalents | 3 | 167.57 | 518.49 |
| Total Assets | | 167.57 | 518.49 |
| II. Equity and Liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 4 | 1,000.00 | 1,000.00 |
| (b) Other equity | 5 | (1,382.43) | (699.51) |
| Total Equity | | (382.43) | 300.49 |
| (1) Current Liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | | | |
| - Total outstanding dues of micro enterprises and small enterprises | 6 | - | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 6 | 550.00 | 100.00 |
| (b) Other current liabilities | 7 | - | 118.00 |
| Total Liabilities | | 550.00 | 218.00 |
| Total Equity and Liabilities | | 167.57 | 518.49 |
| Significant accounting policies | 2.2 | | |

The accompanying notes are an integral part of the financial statements

As per report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

S. Loganey

per Sonika Loganey
Partner
Membership Number: 502220
Place : Gurugram
Date : April 12, 2023



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

R. S. Jalan

R. S. Jalan
(Director)
DIN: 00121260

Raman Chopra

Raman Chopra
(Director)
DIN: 00954190

Place : Noida
Date : April 12, 2023

R. Balakrishnan

R. Balakrishnan
(Chief Executive Officer)

Gaurav V.

Gaurav V.
(Chief Financial Officer)

Lalit N. Dwivedi

Lalit N. Dwivedi
(Company Secretary)
Membership No: FCS 10487

GHCL Textiles Limited
Statement of Profit and Loss for the year ended March 31, 2023
 (INR in hundreds unless specified otherwise)

| Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|----------|-----------------------------------|-----------------------------------|
| Revenue | | | |
| Revenue from operations | | - | - |
| Other income | | - | - |
| Total Income | | - | - |
| Expenses | | | |
| Other expenses | | - | - |
| Total expenses | 8 | 682.92 | 118.00 |
| | | 682.92 | 118.00 |
| (Loss) for the year | | (682.92) | (118.00) |
| | | (682.92) | (118.00) |
| Total Comprehensive (Loss) for the year | | (682.92) | (118.00) |
| | | (682.92) | (118.00) |
| Earnings per equity share (Nominal value of share Rs. 2/-) | | | |
| Basic & Diluted (In Rs.) | 9 | (1.37) | (0.24) |
| Significant accounting policies | 2.2 | | |

The accompanying notes are an integral part of the financial statements

As per report of even date
 For S.R. Batliboi & Co. LLP
 Chartered Accountants
 ICAI Firm Registration No. 301003E/E300005

per Sonika Loganey
 Partner
 Membership Number: 502220
 Place : Gurugram
 Date : April 12, 2023



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

R. S. Jalan
 R. S. Jalan
 (Director)
 DIN: 00121260

R. Balakrishnan
 R. Balakrishnan
 (Chief Executive Officer)

Raman Chopra
 Raman Chopra
 (Director)
 DIN: 00954190

Gaurav
 Gaurav
 (Chief Financial Officer)

Place : Noida
 Date : April 12, 2023

Lalit N. Dwivedi
 Lalit N. Dwivedi
 (Company Secretary)
 Membership No: FCS10487

GHCL Textiles Limited
Statement of Changes in Equity for the year ended March 31, 2023
 (INR in hundreds unless specified otherwise)

A. Equity share capital

As at March 31, 2023

| Particulars | Number | Amount |
|--|--------|----------|
| Equity shares of Rs. 2 each issued, subscribed and fully paid up | | |
| Balance as at April 1, 2022 | 50,000 | 1,000.00 |
| Changes during the year | - | - |
| Balance as at March 31, 2023 | 50,000 | 1,000.00 |

As at March 31, 2022

| Particulars | Number | Amount |
|--|--------|----------|
| Equity shares of Rs. 2 each issued, subscribed and fully paid up | | |
| Balance as at April 1, 2021 | 50,000 | 1,000.00 |
| Changes during the year | - | - |
| Balance as at March 31, 2022 | 50,000 | 1,000.00 |

B. Other equity

As at March 31, 2023

| Particulars | Reserves & Surplus | Total |
|------------------------------|-------------------------------------|------------|
| | Retained earnings (Refer Note 5) | |
| Balance as at April 1, 2022 | (699.51) | (699.51) |
| (Loss) for the year | (682.92) | (682.92) |
| Balance as at March 31, 2023 | (1,382.43) | (1,382.43) |

As at March 31, 2022

| Particulars | Reserves & Surplus | Total |
|------------------------------|-------------------------------------|----------|
| | Retained earnings (Refer Note 5) | |
| Balance as at April 1, 2021 | (581.51) | (581.51) |
| (Loss) for the year | (118.00) | (118.00) |
| Balance as at March 31, 2022 | (699.51) | (699.51) |

Significant accounting policies

2.2

The accompanying notes are an integral part of the financial statements

As per report of even date
 For S.R. Batliboi & Co. LLP
 Chartered Accountants
 ICAI Firm Registration No. 301003E/E300005

S. Loganey

per Sonika Loganey
 Partner
 Membership Number: 502220
 Place - Gurugram
 Date : April 12, 2023



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

R. S. Jalan

R. S. Jalan
 (Director)
 DIN: 00121260

Raman Chopra

Raman Chopra
 (Director)
 DIN: 00954190

Place : Noida
 Date : April 12, 2023

R. Balakrishnan

R. Balakrishnan
 (Chief Executive Officer)

Gaurav V

Gaurav V
 (Chief Financial Officer)

Lalit N. Dwivedi

Lalit N. Dwivedi
 (Company Secretary)
 Membership No: FCS10487

GHCL Textiles Limited
Statement of Cash Flow for the year ended March, 2023
(InR in hundreds unless specified otherwise)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|--------------------------------------|--------------------------------------|
| Cash flow from operating activities | | |
| Loss before tax | (682.92) | (118.00) |
| Adjustments to reconcile profit before tax to net cash flows: | - | - |
| Operating cash flow before working capital changes | (682.92) | (118.00) |
| Changes in working capital | | |
| Increase in trade payables | 450.00 | - |
| Increase in other current liabilities | (118.00) | 118.00 |
| Net cash flows used in operating activities (A) | (350.92) | - |
| Net (Decrease) in cash and cash equivalents (A) | (350.92) | - |
| Cash and cash equivalents at the beginning of the year | 518.49 | 518.49 |
| Cash and cash equivalents at the end of the year | 167.57 | 518.49 |
| Components of cash and cash equivalents | | |
| Balances with banks: | | |
| - On current accounts | 167.57 | 518.49 |
| Total cash and cash equivalents (note 3) | 167.57 | 518.49 |

Significant accounting policies

2.2

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 an integral part of the financial statements

As per report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005


per Sonika Loganey

Partner
Membership Number: 502220
Place : Gurugram
Date : April 12, 2023



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


R. S. Jalan
(Director)
DIN: 00121260


R. Balakrishnan
(Chief Executive Officer)


Gaurav V
(Chief Financial Officer)


Raman Chopra
(Director)
DIN: 00954190


Lalit N. Dwivedi
(Company Secretary)
Membership No: FCS10487

Place : Noida
Date : April 12, 2023

GHCL Textiles Limited

Notes to Financial Statements as at and for the year ended March 31, 2023

1 Corporate information

GHCL Textiles limited ("GHCLTL" or the "Company") is a public company domiciled in India under the provisions of the Companies Act applicable in India. The registered office of the Company is located at GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand, Navrangpura, Ahmedabad - 380009, Gujarat. The Company is a 100% subsidiary of GHCL Limited (Holding Company). The Company was incorporated on June 17, 2020. The Company has been incorporated for the purpose of transfer of Textile Business (Spinning Business) of GHCL Limited (along with all assets and liabilities thereof) by way of demerger into the Company as per the scheme of arrangement (Refer Note 10) and therefore there are no commercial operations till March 31, 2023.

These financial statements were approved for issue in accordance with a resolution of the Board of Directors on April 12, 2023.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III).

The financial statements have been prepared on a historical cost basis, except for the assets and liabilities that have been carried at fair value.

The financial statements are presented in Indian Rupees (INR) and all values are recorded to the nearest hundreds (INR '00), except otherwise indicated.

2.2 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting year, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting year, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.



b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular day trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. The Company financial assets at amortised cost includes trade receivables and loan to an associate and loan to a director included under other non-current financial assets.

Financial assets at fair value through OCI (FVTOCI) (debt instruments)

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. For debt instruments, at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.



Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost e.g., debt securities, deposits, trade receivables and bank balance.
- (b) Financial assets that are debt instruments and are measured as at FVTOCI
- (c) Lease receivables under Ind-AS 17.
- (d) Trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 11 and Ind AS 18

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.



ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected in a separate line in the P&L as an impairment gain or loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.



Financial liabilities at amortised cost (Loans and Borrowings)

This is the category most relevant to the Company. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting year following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest. The following table shows various reclassification and how they are accounted for as per below:

- i) Amortised cost to FVTPL - Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
- ii) FVTPL to Amortised Cost - Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
- iii) Amortised cost to FVTOCI - Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
- iv) FVTOCI to Amortised cost - Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
- v) FVTPL to FVTOCI - Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
- vi) FVTOCI to FVTPL - Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

c) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Bank balances other than the balance included in cash and cash equivalents represents balance on account of unpaid dividend and margin money deposit with banks.



d) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of company by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders of the company and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

e) Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in Other comprehensive income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised



The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In the situation where the Company is entitled to a Tax holiday under the income Tax Act, 1961 enacted in India or Tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday year, to the extent the Company's gross total income is subject to the deduction during the tax holiday year. Deferred tax in respect of temporary differences which reverse after the tax holiday year is recognized in the year in which the temporary differences originate. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Deferred Tax includes Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified year, i.e. the year for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified year.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.



GHCL Textiles Limited
Notes to Financial Statements as at and for the year ended March 31, 2023
(INR in hundreds unless specified otherwise)

| Particulars | As at | |
|----------------------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| 3 Cash and cash equivalent | | |
| Balances with bank | | |
| - On current account | 167.57 | 518.49 |
| | <u>167.57</u> | <u>518.49</u> |

| 4 Share capital | | |
|-------------------------------------|-------------------------------------|------------------|
| Authorised share capital | | |
| Particulars | Number of Shares (of Rs. 2 each) | Amount |
| At April 1, 2021 | 7,50,000 | 15,000.00 |
| Increase/(Decrease) during the year | - | - |
| At March 31, 2022 | <u>7,50,000</u> | <u>15,000.00</u> |
| Increase/(Decrease) during the year | - | - |
| At March 31, 2023 | <u>7,50,000</u> | <u>15,000.00</u> |

Subsequent to the year-end, upon the Scheme of Demerger (as referred in Note 10) becoming effective as at April 01, 2023; the authorised share capital of the Company stands increased to 35,15,00,000 divided into 17,57,50,000 equity shares of Rs. 2 each.

Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is entitled to one vote per equity share held. The Company has not declared dividend during the current & previous year. In the event of liquidation on the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

Issued, Subscribed and fully paid up equity shares

| Particulars | Number of Shares | Amount |
|---|------------------|-----------------|
| Equity shares of Rs. 2 each issued, subscribed and fully paid | | |
| At April 1, 2021 | 50,000 | 1,000.00 |
| Changes during the year | - | - |
| At March 31, 2022 | <u>50,000</u> | <u>1,000.00</u> |
| Changes during the year | - | - |
| At March 31, 2023 | <u>50,000</u> | <u>1,000.00</u> |

4.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Particulars | As at | |
|------------------------------------|------------------|-----------------|
| | March 31, 2023 | |
| | Number of Shares | Amount |
| At the beginning of the year | 50,000 | 1,000.00 |
| Issued during the year | - | - |
| Outstanding at the end of the year | <u>50,000</u> | <u>1,000.00</u> |

4.2 Shares held by Holding Company

Out of equity shares issued by the Company, shares held by its Holding company are as below:

| Particulars | As at | |
|--|----------------|------------------|
| | March 31, 2023 | March 31, 2022 |
| No. of Shares at beginning of the year | 50,000 | 50,000.00 |
| Change during the year | - | - |
| No. of Shares at the year end | <u>50,000</u> | <u>50,000.00</u> |
| % of total shares | 100% | 100% |
| % Change during the year | - | - |



4.3 Details of shareholders holding more than 5% shares in the Company

| Particulars | As at | As at |
|--------------|----------------|----------------|
| | March 31, 2023 | March 31, 2022 |
| | % held | |
| GHCL Limited | 100% | 100% |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

No shares have been issued by the Company for consideration other than cash, during the year.

4.4 Details of shares held by promoters

| As at March 31, 2023 | | | | | |
|----------------------|--|------------------------|-------------------------------|-------------------|--------------------------|
| Promoter Name | No. of Shares at the beginning of the year | Change during the year | No. of Shares at the year end | % of total shares | % Change during the year |
| GHCL Limited | 50,000 | - | 50,000 | 100% | - |

| As at March 31, 2022 | | | | | |
|----------------------|--|------------------------|-------------------------------|-------------------|--------------------------|
| Promoter Name | No. of Shares at the beginning of the year | Change during the year | No. of Shares at the year end | % of total shares | % Change during the year |
| GHCL Limited | 50,000 | - | 50,000 | 100% | - |

5

Other equity

Retained earnings

| Particulars | |
|---------------------|------------|
| At April 1, 2021 | (581.51) |
| (Loss) for the year | (118.00) |
| At March 31, 2022 | (699.51) |
| (Loss) for the year | (682.92) |
| At March 31, 2023 | (1,382.43) |

Nature and Purpose of Reserves

Retained Earnings: Retained Earnings are the Profit/(Loss) that the Company has earned/incurred till date.



GHCL Textiles Limited
Notes to Financial Statements as at and for the the year ended March 31, 2023
(INR in hundreds unless specified otherwise)

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|-------------------------|-------------------------|
| 6 Trade Payables | | |
| (a) Total outstanding dues of MSME | - | - |
| (b) Total outstanding dues of creditors other than MSME | 550.00 | 100.00 |
| Total | 550.00 | 100.00 |
| Trade Payables | 100.00 | 100.00 |
| Trade Payables to related parties | 450.00 | - |
| Trade Payables ageing schedule : | <u>550.00</u> | <u>100.00</u> |

6A Trade Payables ageing schedule

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|--------------------------|--|------------------|-----------|-----------|---------------|
| | Unbilled | Less than 1 year | 1-2 years | 2-3 years | |
| - MSME | - | - | - | - | - |
| - Others | 100.00 | 450.00 | - | - | 550.00 |
| - Disputed dues - MSME | - | - | - | - | - |
| - Disputed dues - Others | - | - | - | - | - |
| | <u>100.00</u> | <u>450.00</u> | <u>-</u> | <u>-</u> | <u>550.00</u> |

| Particulars | Outstanding for following periods from due date of payment | | | | Total |
|--------------------------|--|------------------|-----------|-----------|---------------|
| | Unbilled | Less than 1 year | 1-2 years | 2-3 years | |
| - MSME | - | - | - | - | - |
| - Others | 100.00 | - | - | - | 100.00 |
| - Disputed dues - MSME | - | - | - | - | - |
| - Disputed dues - Others | - | - | - | - | - |
| | <u>100.00</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>100.00</u> |

Terms and conditions of the above financial liabilities:
- Trade payables are non-interest bearing and are normally settled on around 90 days terms

6B Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|--|-------------------------|-------------------------|
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| - Principal amount due to micro and small enterprises | - | - |
| - Interest due on above | - | - |
| | <u>-</u> | <u>-</u> |

This information has been determined to the extent such parties have been identified on the basis of information available with the Company

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|------------------------------------|-------------------------|-------------------------|
| 7 Other current liabilities | | |
| - Other liabilities | | |
| Advance from GHCL Limited | - | 118.00 |
| | <u>-</u> | <u>118.00</u> |



| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|------------------------------------|---|---|
| ii Other expenses | | |
| Bank Charges | 114.92 | - |
| Audit Fee | 118.00 | 118.00 |
| Sitting Fees payable | 450.00 | - |
| | <u>682.92</u> | <u>118.00</u> |
| Note: | | |
| Payment to auditor (excluding GST) | | |
| Audit fee | <u>100.00</u> | <u>100.00</u> |
| | <u>100.00</u> | <u>100.00</u> |

9 Earnings per share

Basic EPS amounts are calculated by dividing the loss for the year attributable to equity holders of the Company by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in computation of Basic and Diluted EPS:

| | | |
|--|---------------|---------------|
| Loss attributable to the equity holders of the Company | (683) | (118) |
| Weighted average number of equity shares for calculating basic and diluted EPS | 50,000 | 50,000 |
| Basic and Diluted earnings per share (Face value of Rs. 2/- per share) | <u>(1.37)</u> | <u>(0.24)</u> |

10 The Board of Directors of the Company at their meeting held on December 06, 2021 approved a Scheme of Arrangement under Section 230-232 of the Companies Act 2013 consisting of demerger of Spinning Division of GHCL Limited ("Demerged Company") into GHCL Textiles Limited ("Resulting Company" or "Company") (the "Scheme").

Upon the Scheme becoming effective, the Spinning division (along with all assets and liabilities thereof as at the appointed date stated in the Scheme) shall be transferred to the Company on a going concern basis. As a consideration for the Demerger, the Company will issue its equity shares to the shareholders of Demerged company as on the record date in a 1:1 swap ratio (i.e. One share of INR 2 each will be issued by the Company for every one share of INR 10 each held in Demerged company). Further, the Company shall also be listed on the BSE and NSE.

The Scheme has been approved by the Hon'ble National Company Law Tribunal, Ahmedabad (NCLT) vide its order dated February 08, 2023.

As per the Scheme, the accounting in respect of the Scheme will be carried out on the Appointed date mentioned in the Scheme i.e. the date on which the Company files the Certified True Copy of the NCLT order along with the sanctioned Scheme with the ROC i.e. 1 April 2023.

However, being a transaction of transfer of the spinning business from demerged Company, Indian Accounting Standards notified under Section 133 of the Act, under the Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time (Ind AS) and generally accepted accounting principles in India requires the Company to account for such transfer of spinning business in the current year by restating the financial information in respect of the prior period from the beginning of the preceding period presented in the financial statements as the substantial conditions for the transfer of Demerged Undertaking were met during the current year.

Since the Certified True Copy of the NCLT order along with the sanctioned Scheme with the ROC was filed after the year end no accounting effect in respect of the Scheme has been given in these financial statements, as the approved scheme prevail over the applicable Indian Accounting Standards.

11 Significant accounting judgements, estimates and assumption

There are no significant accounting judgements, estimates and assumptions made by the Company for the purpose of preparation of these financial statements.



GHCL Textiles Limited
Notes to Financial Statements as at and for the year ended March 31, 2023
(INR in hundreds unless specified otherwise)

12 Additional regulatory information

- 1 The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules.
- 2 The Company does not have any transactions with companies struck off.
- 3 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 4 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 5 The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- 6 The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- 7 The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

13 Ratio Analysis and its elements :

| Particulars | Numerator | Denominator | March 31, 2023 | March 31, 2022 | Variation | Reason for Variance |
|---------------------------------------|--|---|----------------|----------------|-----------|--|
| (a) Current Ratio, | Current Assets | Current Liabilities | 0.30 | 2.38 | (87%) | There are no commercial operations in GHCL Textiles Limited and the variance is largely on account of some expenditure incurred during the year. |
| (b) Debt-Equity Ratio, | Total Debt | Shareholders Equity | NA | NA | | |
| (c) Debt Service Coverage Ratio, | Earnings for debt service = Net profit after taxes + Non-cash operating expenses | Debt service = Interest & Lease Payments + Principal Repayments | NA | NA | | |
| (d) Return on Equity Ratio, | Net Profits after taxes – Preference Dividend (if any) | Average Shareholder's Equity | (16.67) | (0.33) | 4978% | |
| (e) Inventory turnover ratio, | Cost of goods sold | Average Inventory | NA | NA | | |
| (f) Trade Receivables turnover ratio, | Net credit sales = Gross credit sales - sales return | Avg. Accounts Receivable | NA | NA | | |
| (g) Trade payables turnover ratio, | Net credit purchases = Gross credit purchases - purchase return | Average Trade Payables | NA | NA | | |
| (h) Net capital turnover ratio, | Net sales = Total sales - sales return | Working capital = Current assets – Current liabilities | NA | NA | | |
| (i) Net profit ratio, | Net Profit | Net sales = Total sales - sales return | NA | NA | | |
| (j) Return on Capital employed, | Earning before interest and taxes | Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability | (4.08) | (0.23) | 1691% | |
| (k) Return on investment | Interest (Finance Income) | Investment | NA | NA | | |



GHCL Textiles Limited
Notes to Financial Statements as at and for the year ended March 31, 2023
(INR in hundreds unless specified otherwise)

14 Related party transactions

The following table provides the list of related parties and total amount of transactions that have been entered into with related parties for the relevant financial years.

A) Names of related parties and description of relationship

| | |
|---|---|
| Holding Company | GHCL Limited |
| Fellow Subsidiaries | Grace Home Fashions LLC (Dissolved on 2nd March, 2023) Dan River Properties LLC |
| Non-Executive Director | Mr. R.S. Jalan Mr. Raman Chopra Mr. Neebbh Dalmia |
| Independent Director (w.e.f 6th March, 2023) | Dr. Manoj Vaish Mrs. Vijay Laxmi Joshi Mr. A.K. Jain |
| Key Managerial Personnel (w.e.f 6th March, 2023) | Mr. R Balakrishnan, Chief Executive Officer Mr. Gaurav V. Chief Financial Officer Mr. Lalit N. Dwivedi, Company Secretary |

B) Transactions with related parties

| Transactions during the year | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|------------------------------|-----------------------------------|-----------------------------------|
| GHCL Limited | | |
| Net receipt of advances | - | 118.00 |
| Repayment of advances | 118.00 | - |

C) Sitting Fees - Independent Directors

| Particular | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---------------------------|-----------------------------------|-----------------------------------|
| Name | Sitting Fees | Sitting Fees |
| a) Dr. Manoj Vaish | 150.00 | - |
| b) Mrs. Vijay Laxmi Joshi | 150.00 | - |
| c) Mr. A. K. Jain | 150.00 | - |

| Payables at the year end | As at March 31, 2023 | As at March 31, 2022 |
|--|----------------------|----------------------|
| GHCL Limited | - | 118.00 |
| Sitting Fees Payable - Independent Directors | 450.00 | - |

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2022: INR NIL). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

15 Financial risk management objectives and policies

The Company has not started commercial operations and accordingly, the Company's principal financial liabilities comprise trade payables and principal financial assets include cash and cash equivalents. There are no financial risks as at the year end.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

| Particulars | Less than 3 months | Less than 1 Year | Total |
|----------------------|--------------------|------------------|--------|
| As at March 31, 2023 | | | |
| Trade payables | 100.00 | 450.00 | 550.00 |
| As at March 31, 2022 | | | |
| Trade payables | 100.00 | - | 100.00 |

16 The Company does not have any contingent liabilities as at March 31, 2023 and March 31, 2022.

As per report of even date
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Sonika Loganey
Partner
Membership Number: 502220
Place: Gurugram
Date: April 12, 2023



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

R. S. Jalan
(Director)
DIN: 00121260

Raman Chopra
(Director)
DIN: 00954190
Place: Noida
Date: April 12, 2023

R Balakrishnan
(Chief Executive Officer)
Gaurav V.
(Chief Financial Officer)
Lalit N. Dwivedi
(Company Secretary)
Membership No: FCS10487

S.R. BATLIBOI & Co. LLP
Chartered Accountants

2nd & 3rd Floor
Golf View Corporate Tower - B
Sector - 42, Sector Road
Gurugram - 122 002, Haryana, India
Tel : +91 124 681 6000

INDEPENDENT AUDITOR'S REPORT

To the Members of GHCL Textile Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of GHCL Textile Limited ("the Company"), which comprise the Balance sheet as at March 31 2022, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the 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 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, 2022, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the 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 'Responsibilities Auditor's for the Audit of the 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 Ind AS financial statements.

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 Board report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the 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 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.

Responsibility of Management for the 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 Ind AS financial statements that give a true and fair view of the



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financial position, financial performance including other comprehensive income, 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 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 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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



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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 Ind AS financial statements, including the disclosures, and whether the 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, 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 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 as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) The Company has not paid any managerial remuneration during the year ended March 31, 2022 and accordingly the provisions of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2022;
 - (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:



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- i. The Company does not have any pending litigations which would impact its financial position;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv.
 - a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 10 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note 10 to the financial statements, no funds have been received by the company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. No dividend has been declared or paid during the year 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: 22086370AIEMUQ2530

Place of Signature: New Delhi

Date: April 30, 2022



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ANNEXURE I referred in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: GHCL Textile Limited (“the company”)

(i) (a) The Company is not having any property, plant & equipment and, accordingly, the requirements under paragraph 3(i)(a)(A) and 3(i)(a)(B) of the Order are not applicable to the Company hence not commented upon.

(b) The Company is not having any property, plant & equipment and, accordingly, the requirements under paragraph 3(i)(b) of the Order are not applicable to the Company hence not commented upon.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant & equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations given by the management, the company is not having any Property, Plant & Equipment and, accordingly, the requirements under paragraph 3(i)(d) are not applicable to the Company hence not commented upon.

(e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company’s business does not involve inventories and accordingly, the requirements under paragraph 3(ii)(a) of the Order are not applicable to the Company.

(b) The Company has not been sanctioned any working capital limits from banks or financial institutions during any point of time of the year on the basis of security of current assets of the Company. Accordingly, the requirement to report on clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company.

(c) The Company has not granted loans and advances in the nature of loans to Companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(d) The Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(d) of the Order is not applicable to the Company.

There are no amounts of loans and advances in the nature of loans granted to companies, firms, limited liability partnerships or any other parties which are overdue for more than ninety days.



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(c) There were no loans or advance in the nature of loan granted to Companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(c) of the Order is not applicable to the Company.

(f) The Company has not granted any loans or advances in the nature of loans, either repayable on demand or without specifying any terms or period of repayment to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to 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) Since the Company has not commenced commercial production upto 31st March, 2022, the requirements relating to report on clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, cess and other statutory dues applicable to it. The provisions related to the goods and services tax, provident fund, employees' state insurance, duty of customs and duty of excise are not applicable to the Company. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) There are no dues of goods and services tax, provident fund, employees' state insurance, income tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess, goods and service tax and other statutory dues which have not been deposited on account of any dispute.

(viii) The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix)(c) of the Order is not applicable to the Company.

(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.



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(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) No fraud/ material fraud by the Company or no fraud / material fraud on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 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) (a) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(a) of the Order is not applicable to the Company.

(b) The Company does not have an internal audit system and is not required to have an internal audit system under the provisions of Section 138 of the Companies Act, 2013. Therefore, the requirement to report under clause 3(xiv)(b) of the Order is not applicable to the Company.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company is not engaged in any Non-Banking Financial or Housing Finance activities. Accordingly, the requirement to report on clause (xvi)(b) of the Order is not applicable to the Company.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.



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(xvii) The Company has incurred cash losses amounting to Rs. 11,800/- in the current year and amounting to Rs. 58,151/- in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios disclosed in Note No. 10 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The provision of Section 135 of the Act is not applicable on the Company, therefore the requirements under paragraph 3(xx)(a) of the Order are not applicable to the Company hence not commented upon.

(b) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(b) of the Order is 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: 22086370AITEMUQ2530

Place of Signature: New Delhi

Date: April 30, 2022



S.R. BATLIBOI & Co. LLP

Chartered Accountants

ANNEXURE 2: TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF GHCL TEXTILES 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 with reference to financial statements of GHCL Textiles Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the 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 ("ICAI"). 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 with reference to these 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 Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these 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 Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to 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 controls with reference to financial statements includes those policies



S.R. BATLIBOI & CO. LLP

Chartered Accountants

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 With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, 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 issued by the ICAI.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Atul Seksaria

Partner

Membership Number: 086370

UDIN: 22086370A1EMUQ2530

Place of Signature: New Delhi

Date: April 30, 2022

GHCL Textiles Limited
Balance Sheet as at March 31, 2022

| Particulars | Note No. | (Amount in Rs.) | |
|-------------------------------------|----------|-------------------------|-------------------------|
| | | As at March 31, 2022 | As at March 31, 2021 |
| I. Assets | | | |
| (I) Current assets | | | |
| (a) Financial assets | | | |
| (i) Cash and cash equivalents | 5 | 51,849 | 51,849 |
| Total Assets | | 51,849 | 51,849 |
| II. Equity and Liabilities | | | |
| Equity | | | |
| (a) Equity share capital | 3 | 1,00,000 | 1,00,000 |
| (b) Other equity | 4 | (69,951) | (58,151) |
| Total equity | | 30,049 | 41,849 |
| Current liabilities | | | |
| (i) Other current liabilities | 6 | 21,800 | 10,000 |
| Total liabilities | | 21,800 | 10,000 |
| Total Equity and Liabilities | | 51,849 | 51,849 |
| Significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements

As per report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005




per Atul Seksaria
Partner
Membership Number: 086370
Place : New Delhi
Date : April 30, 2022



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





R. S. Jalan
(Director)
DIN: 00121260



Raman Chopra
(Director)
DIN: 00954190
Place : New Delhi
Date : April 30, 2022

GHCL Textiles Limited
Statement of Profit and Loss for the year ended March 31, 2022

| Particulars | Note No. | (Amount in Rs.) | |
|---|----------|-----------------------------------|--|
| | | For the year ended March 31, 2022 | For the period June 17, 2020 to March 31, 2021 |
| Revenue | | | |
| Revenue from operations | | - | - |
| Total Income | | - | - |
| Expenses | | | |
| Other expenses | 7 | 11,800 | 58,151 |
| Total expenses | | 11,800 | 58,151 |
| Loss before tax | | (11,800) | (58,151) |
| Tax expense: | | | |
| Current tax | | - | - |
| Loss for the year | | (11,800) | (58,151) |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year, net of tax | | (11,800) | (58,151) |
| Earnings per equity share (Nominal value of share Rs. 2/-) | | | |
| Basic & Diluted (In Rs.) | | (0.24) | (1.16) |
| Significant accounting policies | 2 | | |

The accompanying notes are an integral part of the financial statements

As per report of even date

For S.R. Batliboi & Co. LLP
 Chartered Accountants
 ICAI Firm Registration No. 301003E/E300005

Atul Sekaria

per Atul Sekaria
 Partner
 Membership Number: 086370
 Place : New Delhi
 Date : April 30, 2022



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



R. S. Jalan
 R. S. Jalan
 (Director)
 DIN: 00121260

Raman Chopra
 Raman Chopra
 (Director)
 DIN: 00954190
 Place : New Delhi
 Date : April 30, 2022

GHCL Textiles Limited
Statement of Changes in Equity for the year ended March 31, 2022

A. Equity share capital

| Particulars | Number | (Amount in Rs.) |
|--|--------|-----------------|
| Equity shares of Rs. 2 each issued, subscribed and fully paid up | | |
| Balance as at April 1, 2020 | - | - |
| Changes in share capital- Equity share issued during the year | 50,000 | 1,00,000 |
| Balance as at March 31, 2021 | 50,000 | 1,00,000 |
| Changes in share capital- Equity share issued during the year | - | - |
| Balance as at March 31, 2022 | 50,000 | 1,00,000 |

B. Other equity

| Particulars | (Amount in Rs.) | |
|------------------------------|---|--------------------|
| | Reserves and surplus Retained earnings (refer note 4) | Total Other equity |
| Balance as at April 1, 2020 | - | - |
| Profit / (loss) for the year | (58,151) | (58,151) |
| Balance as at March 31, 2021 | (58,151) | (58,151) |
| Profit / (loss) for the year | (11,800) | (11,800) |
| Balance as at March 31, 2022 | (69,951) | (69,951) |

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements
As per report of even date

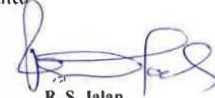
For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005



per Atul Seksaria
Partner
Membership Number: 086370
Place : New Delhi
Date : April 30, 2022



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

R. S. Jalan
(Director)
DIN: 00121260



Raman Chopra
(Director)
DIN: 00954190
Place : New Delhi
Date : April 30, 2022

GHCL Textiles Limited
Statement of Cash Flow for the year ended March 31, 2022

| Particulars | (Amount in Rs.) | |
|---|--------------------------------------|--|
| | For the year ended March 31, 2022 | For the period June 17, 2020 to March 31, 2021 |
| Cash flow from operating activities | | |
| Loss before tax | (11,800) | (58,151) |
| Adjustments to reconcile profit before tax to net cash flows: | - | - |
| Operating cash flow before working capital changes | (11,800) | (58,151) |
| Changes in working capital | | |
| Increase in other current liabilities | 11,800 | 10,000 |
| Cash generated from operations | - | (48,151) |
| Income tax paid (net) | - | - |
| Net cash flows used in operating activities (A) | - | (48,151) |
| Net cash flows from / (used) in investing activities (B) | - | - |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares (including premium) | * | 1,00,000 |
| Net cash generated from financing activities (C) | - | 1,00,000 |
| Net increase in cash and cash equivalents (A+B+C) | - | 51,849 |
| Cash and cash equivalents at the beginning of the year | 51,849 | - |
| Cash and cash equivalents at the end of the year | 51,849 | 51,849 |
| Components of cash and cash equivalents | | |
| Cash on hand | - | - |
| Balances with banks: | | |
| - On current accounts | 51,849 | 51,849 |
| Total cash and cash equivalents (note 5) | 51,849 | 51,849 |

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".

Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per report of even date

For S.R. Batliboi & Co. LLP
 Chartered Accountants
 ICAI Firm Registration No. 301003E/E300005

Atul Seksaria

per Atul Seksaria
 Partner
 Membership Number: 086370
 Place : New Delhi
 Date : April 30, 2022



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



R. S. Jalan

R. S. Jalan
 (Director)
 DIN: 00121260

Raman Chopra

Raman Chopra
 (Director)
 DIN: 00954190

Place : New Delhi
 Date : April 30, 2022

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit and loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- (a) Financial assets that are debt instruments, and are measured at amortised cost e.g., debt securities, deposits, trade receivables and bank balance.
- (b) Financial assets that are debt instruments and are measured as at FVTOCI
- (c) Lease receivables under Ind-AS 17
- (d) Trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 11 and Ind AS 18

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent year, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected in a separate line in the P&L as an impairment gain or loss. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.



GHCL Limited
Notes to Financial Statements For the year ended March 31, 2022

3 Share capital

| Particulars | (Amount in Rs.) | |
|-------------------------------------|-------------------------------------|-----------|
| | Number of Shares (of Rs. 2 each) | Amount |
| At April 1, 2020 | - | - |
| Increase/(Decrease) during the year | 7,50,000 | 15,00,000 |
| At March 31, 2021 | 7,50,000 | 15,00,000 |
| Increase/(Decrease) during the year | - | - |
| At March 31, 2022 | 7,50,000 | 15,00,000 |

Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of Rs. 2 per share. Each shareholder is entitled to one vote per equity share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation on the Company, the equity shareholders are eligible to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

Issued, Subscribed and fully paid up equity shares

| Particulars | (Amount in Rs.) | |
|---|------------------|----------|
| | Number of Shares | Amount |
| Equity shares of Rs. 2 each issued, subscribed and fully paid | | |
| At April 1, 2020 | - | - |
| Issued on September 17, 2020 on incorporation of the Company | 50,000 | 1,00,000 |
| At March 31, 2021 | 50,000 | 1,00,000 |
| Increase/(Decrease) during the year | - | - |
| At March 31, 2022 | 50,000 | 1,00,000 |

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Particulars | (Amount in Rs.) | |
|------------------------------------|----------------------|----------|
| | As at March 31, 2022 | |
| | Number of Shares | Amount |
| At the beginning of the year | 50,000 | 1,00,000 |
| Issued during the year | - | - |
| Outstanding at the end of the year | 50,000 | 1,00,000 |

3.2 Shares held by holding Company

Out of equity shares issued by the Company, shares held by its holding company are as below

| Particulars | GHCL Limited | |
|--|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| No. of Shares at beginning of the year | 50,000 | - |
| Change during the year | - | 50,000 |
| No. of Shares at the year end | 50,000 | 50,000 |
| % of total shares | 100% | 100% |
| % Change during the year | - | 100% |

3.3 Details of shareholders holding more than 5% shares in the company

| Particulars | As at March 31, 2022 | As at March 31, 2021 |
|--------------|----------------------|----------------------|
| | % held | |
| GHCL Limited | 100% | 100% |

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

No shares have been issued by the Company for consideration other than cash, during the year.

4 Other equity

| Particulars | (Amount in Rs.) | |
|-------------------|----------------------|----------------------|
| | As at March 31, 2022 | As at March 31, 2021 |
| Retained earnings | (69,951) | (58,151) |
| Total | (69,951) | (58,151) |

Notes:

a) Retained earnings

| Particulars | (Amount in Rs.) |
|---|-----------------|
| | Amount |
| At April 1, 2020 | - |
| Changes during the year-Profit for the year | (58,151) |
| At March 31, 2021 | (58,151) |
| Changes during the year-Profit for the year | (11,800) |
| At March 31, 2022 | (69,951) |



GHCL Textiles Limited
Notes to Financial Statements For the year ended March 31, 2022

| | (Amount in Rs.) | |
|---|--------------------------------------|---|
| | As at March 31, 2022 | As at March 31, 2021 |
| 5 Cash and bank balances | | |
| Cash and cash equivalents | | |
| Balances with bank | | |
| - On current account | 51,849 | 51,849 |
| | 51,849 | 51,849 |
| | As at March 31, 2022 | As at March 31, 2021 |
| 6 Other current liabilities | | |
| Others | 10,000 | 10,000 |
| Advance from GHCL Limited | 11,800 | - |
| | 21,800 | 10,000 |
| | For the year ended March 31, 2022 | (Amount in Rs.) For the period June 17, 2020 to March 31, 2021 |
| 7 Other expenses | | |
| Legal and professional expenses | 11,800 | 58,151 |
| | 11,800 | 58,151 |
| Note: | | |
| Payment to auditor (excluding GST) | | |
| Audit fee | 10,000 | 10,000 |
| | 10,000 | 10,000 |

8 Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares

The following reflects the income and share data used in computation of Basic and Diluted EPS:

| | | |
|--|---------------|---------------|
| Profit attributable to the equity holders of the Company | (11,800) | (58,151) |
| Weighted average number of equity shares for calculating basic and diluted EPS | 50,000 | 50,000 |
| Basic and Diluted earnings per share (Face value of Rs. 2/- per share) | (0.24) | (1.16) |

9 The Board of directors of the GHCL Limited (Holding Company, GHCL), at their meeting held on March 16, 2020 approved a Scheme of Arrangement u/s 230-232 of the Companies Act 2013, involving demerger of its entire Textile business into a separate company (i.e. GHCL Textiles Limited) (the 'Scheme')

During the year the Board of Directors of the GHCL Limited (Holding Company, GHCL), at their meeting held on December 06, 2021 approved withdrawal of the existing 'Scheme' of Arrangement u/s 230-232 of the Companies Act 2013 and correspondingly approved "Scheme of Arrangement consisting of demerger of Spinning Division of GHCL: Limited ("Demerged Company") into GHCL Textiles Limited ("Resulting Company")" (the "Scheme"). Subsequently, on December 20, 2021, Hon'ble NCLT (Ahmedabad Bench) allowed the withdrawal petition. The Holding Company has received the observation letter/approval from BSE, NSE on March 03, 2022 and competition commission of India on March 24, 2022. The Holding Company is in process of filing the 1st motion petition along with requisite documents with the Ahmedabad jurisdiction of NCLT.

Upon the Scheme becoming effective, the Textile Business (along with all assets and liabilities thereof) shall be carved out and transferred to the Resulting Company on a going concern basis. As a consideration for the Demerger, the Resulting Company would issue its equity shares to the shareholders of GHCL as on the record date in a 1:1 swap ratio (i.e. One (1) share of INR 2 each would be issued by the Resulting Company for every one (1) share of INR 10 each held in GHCL), following which the shareholding of both Companies shall be same as at the record date.

Post Demerger, GHCL shall continue with the Chemicals Business while the Resulting Company shall house the Textiles Spinning division. Shares of GHCL shall continue to be listed on the BSE and NSE and that of the Resulting Company shall also be listed on the BSE and NSE. The Demerger is expected to facilitate focused growth, concentrated approach, business synergies and increased operational and customer focus for respective business verticals apart from exploring independent business opportunities with efficient capital allocation.



10 Additional regulatory information

- 1 The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property
- 2 The Company do not have any transactions with companies struck off.
- 3 The Company do not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 4 The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 5 The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- 6 The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,
- 7 The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

8 Ratio :

| Particulars | Numerator | Denominator | Mar 31, 2022 | Mar 31, 2021 | Variation | Reason of Variance |
|---------------------------------------|--|---|--------------|--------------|-----------|---|
| (a) Current Ratio, | Current Assets | Current Liabilities | 2.38 | 5.18 | -54% | There are no commercial operations in GHCL Textiles Limited and The variance are largely on account of some nominal expenditure incurred by the company during the year |
| (b) Debt-Equity Ratio, | Total Debt | Shareholders Equity | NA | NA | | |
| (c) Debt Service Coverage Ratio, | Earnings for debt service = Net profit after taxes + Non-cash operating expenses | Debt service = Interest & Lease Payments + Principal Repayments | NA | NA | | |
| (d) Return on Equity Ratio, | Net Profits after taxes – Preference Dividend (if any) | Average Shareholder's Equity | (0.33) | (1.39) | -76% | |
| (e) Inventory turnover ratio, | Cost of goods sold | Average Inventory | NA | NA | | |
| (f) Trade Receivables turnover ratio, | Net credit sales = Gross credit sales - sales return | Avg. Accounts Receivable | NA | NA | | |
| (g) Trade payables turnover ratio, | Net credit purchases = Gross credit purchases - purchase return | Average Trade Payables | NA | NA | | |
| (h) Net capital turnover ratio, | Net sales = Total sales - sales return | Working capital = Current assets – Current liabilities | NA | NA | | |
| (i) Net profit ratio, | Net Profit | Net sales = Total sales - sales return | NA | NA | | |
| (j) Return on Capital employed, | Earning before interest and taxes | Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability | NA | NA | | |
| (k) Return on investment-Mutual fund | Interest (Finance Income) | Investment | NA | NA | | |



GHCL Textiles Limited
Notes to Financial Statements For the year ended March 31, 2022

11 Related party transactions

The following table provides the list of related parties and total amount of transactions that have been entered into with related parties for the relevant financial years.

A) Names of related parties and description of relationship

| | |
|---------------------|---|
| Holding Company | GHCL Limited |
| Fellow Subsidiaries | Grace Home Fashions LLC Dan River Properties LLC |

B) Transactions with related parties

| Transactions during the year | (Amount in Rs.) | |
|---|-----------------------------------|---|
| | For the year ended March 31, 2022 | For the period September 17, 2020 to March 31, 2021 |
| GHCL Limited | | |
| Issue of share capital | - | 1,00,000 |
| Net receipt of loans & advances | 11,800 | - |
| Loans & advances payable at the year end | As at March 31, 2022 | As at March 31, 2021 |
| GHCL Limited | 11,800 | - |

12 The Company is not having any contingent liabilities and litigation as on March 31, 2022 and March 31, 2021

As per report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005



per Atul Seksaria
Partner
Membership Number: 986370
Place: New Delhi
Date: April 30, 2022

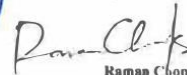


For and on behalf of the Board of Directors
of GHCL Textiles Limited





R. S. Jalan
(Director)
DIN: 00121260



Raman Chopra
(Director)
DIN: 00954190
Place: New Delhi
Date: April 30, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Information Memorandum may include our financial condition and results of operations together with our Financial Statements which appear elsewhere in this Information Memorandum. You should also read the section titled “Risk Factors” on page 17, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion relates to the financial statements of our Company.

For further information, contains forward-looking statement and reflects our current plans and expectations, actual results may differ materially from those anticipated in these forward-looking statements. By their nature certain market risk disclosures are only estimates and could be materially different from those that have been estimated. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the sections titles “Risk Factors”, “Forward Looking Statements” and “Our Business” on page 17, 12 and 54 respectively.

BUSINESS OVERVIEW

GHCL’s Yarn Division is one of the leading yarn manufacturers in the country. With two manufacturing units in Madurai and Manaparai, Tamil Nadu, the division has state –of- the art machinery with a capacity of 225000 Ring Spindles, 3320 Rotors, 480 Vortex & 5760 TFO Spindles and that produces high –quality of 100% Cotton, Blends & Synthetic blend Yarns. The yarn produced here caters to various leading apparel and textile brands like Raymond, Tessitura Monti, Suktas, H & M, C & A etc.

The division is ranked first and won the 5S Excellence Award from CII-Southern Region under best Workplace management.

With State-of-the-art textile machinery, its manufacturing infrastructure includes Rieter from Switzerland, Schlafhorst from Germany, Savio from Italy, Murata from Japan, Trueztschler from Germany, Uster and SSM from Switzerland, KTTM and LMW from India for that cutting edge quality.

In order to achieve the greatest level of customer satisfaction and excellent business relations, continuous infrastructure upgradations are made. There is a special focus on adopting sustainable business processes that add value for the stakeholders.

Yarn division operates with a sustainable approach and a focus on increasing capacity, maximising efficiency, and incorporating sustainability in its day-to-day processes. It is effectively using renewable energy to operate efficiently. More than 57% of the total energy consumption at the plant is from renewable energy resources. This includes 2.0 MW from the rooftop solar power plant in Paravai and Manaparai, 20 MW from the on-ground solar power plant in Thataiyankarpettai in Trichy district and 25.4 MW of green power generated from captive windmills situated in Tamil Nadu. Another 20 MW on ground solar power plant is under installation at Ottapidaram in Tuticorin district, Tamil Nadu. Once commissioned, almost 75% of the division’s energy requirements will be fulfilled through renewable resources.

GHCL’s Yarn division is Integrated Management Systems (IMS) certified in areas of quality, environment, health and safety. We are efficiently operating with ISO QMS 9001:2015, EMS 14001:2015 and 45001:2018 (OHSAS) certifications.

Our dedicated team, with rich experience in the field of cotton sourcing focuses on procuring superior quality raw material for the company for the perfect quality cotton.

“A” grade cotton for all the yarn units of GHCL is imported from countries like Egypt, US, West Africa and Australia, while local cotton is procured from different crop rich regions in Andhra Pradesh, Gujarat, Madhya Pradesh, Maharashtra, Karnataka and Tamil Nadu.

Product Basket – Yarn Division

Products manufactured at the GHCL Yarn division are well accepted in domestic and international markets by premium buyers. Our products respond well to the fine count end products like apparels ranging from yarn dyed shirting and different types of garments, to home textile products such as bed-sheets, Bed-Linen, makeups and curtains.

Open end Yarns: 100% Cotton

- Ne 16s to 32s (in Indian, Contamination Free and CMIA Cottons)

Ring Spun Cotton Yarns

- 100% Indian Combed Compact – Count range Ne 30s to 60s
- 100% Giza & Giza blend Combed Compact – Count Range Ne 40s to 100s
- 100% Contamination Free (Australian) Combed Compact – Count Range Ne 30s to 60s.

TFO Yarns

- 100% Cotton yarns from Indian, Giza, Australian & Supima Cotton – Count range Ne 2/30s to 2/160s
- Gassed yarn in Paper cones and in Soft Package (ready to Dye)

VORTEX Yarns

- 100% Viscose Vortex – Counts 21s,30s,32s and 40s
- Cotton/Modal Vortex – Counts 21s,30s,32s and 40s
- Poly/Cotton Vortex – Counts 21s,30s,32s and 40s

Synthetic & Synthetic Blend Ring Spun yarns

- Polyester Cotton Yarns – Ne 30s to 62s in Blends 52/48, 65/35 & 75/25 (includes Sustainable Rpet)
- 2/80s PC Combed and Carded yarns
- Polyester Viscose yarns – Ne 30s to 60s in 65/35 & 75/25 blend
- Cotton Poly yarns – Ne 30s to 50s in 60/40, 80/20 & 90/10 Blend (CVC)
- 100% Viscose yarns– Ne 30s to 60s.
- 100% Micro Modal & Tencel yarns – Ne 30s to 80s
- Cotton Modal yarns– Ne 30s to 80s in blend 60/40
- Supima Tencel & Supima Modal Yarns – Ne 24s to 100s
- Polyester Modal yarns– Ne 30s to 80s in blend 52/48
- Polyester Cotton Slub yarns – Ne 30s to 60s (Brand: Fanta & Nokia)

SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled '*Risk Factors*' on page 17. The following are certain factors that had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Competition from multinational corporations;
- Raw material price fluctuations;
- Ability to obtain registrations;
- Fluctuating foreign exchange rates;
- Factors affecting the global textile industry;
- Increasing competition in the Industry;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

SIGNIFICANT ACCOUNTING POLICIES

For details about our key significant accounting policies, see section titled "*Financial Statements*" on page 97.

CHANGE IN ACCOUNTING POLICIES

There are no significant changes in the accounting policies during the Financial Year March 31, 2023 and March 31, 2022.

RESERVATIONS, QUALIFICATIONS, MATTER OF EMPHASIS, ADVERSE REMARKS / OTHER OBSERVATIONS IN CARO

The following is the summary of qualifications/ reservation /emphasis of matters/ adverse remarks / other observations in CARO in the financial year ended March 31, 2023 and March 31, 2022:

| Financial Period | Type of Financials | Emphasis of Matter |
|-----------------------------------|--------------------|---|
| For the year ended March 31, 2023 | Standalone | In financial statement note 10, which indicates that the demerger would be accounted on the Appointed date mentioned in the Scheme of Arrangement i.e. date of filing of certified true copy of the National Company Law Tribunal order along with the sanctioned Scheme with the Registrar of Company, instead of accounting of demerger in the current year from the beginning of the comparative period presented in the financial statements, since the substantial conditions relating to transfer of demerged undertaking were met during the current year, as required under applicable Indian Accounting Standards prescribed under Section 133 of the Act. Accordingly, no accounting treatment in respect of the demerger has been carried out in these financial statements, as the approved Scheme would prevail over the applicable Indian Accounting Standards. Auditor opinion is not modified in respect of this matter. |
| For the year ended March 31, 2022 | Standalone | Nil |

Principal Components Of Our Statement Of Profit And Loss

Revenue

Our Company was incorporated on June 17, 2020, we did not generate any income from operations. However, pursuant to the Scheme becoming effective, the business of the Demerged Company vested into our Company may generate revenue from operations.

Expenses

Our total expenditure primarily consists of other expenses such as Bank Charges, Audit Fees and Sitting fees payable.

Profit/(Loss) Before Tax

Our Profit/(Loss) Before Tax was ₹ (0.68) Lakhs for the year ended March 31, 2023.

Profit/(Loss) after Tax

Profit/(Loss) After Tax for the year ended March 31, 2023 was ₹ (0.68) Lakhs.

Results of our Operations

The following table sets forth select financial data from our audited financial statement of profit and loss for the year ended March 31, 2022 and March 31, 2023:

(Amt. in ₹)

| Particulars | March 31, 2023 | | March 31, 2022 | |
|-------------------------|----------------|-------------------|----------------|-------------------|
| | Amount | % of Total Income | Amount | % of Total Income |
| Revenue from Operations | - | NA | - | NA |
| Other Income | - | NA | - | NA |

| Particulars | March 31, 2023 | | March 31, 2022 | |
|----------------------------|----------------|-------------------|----------------|-------------------|
| | Amount | % of Total Income | Amount | % of Total Income |
| Total Income | - | NA | - | NA |
| Other Expenses | 68,292 | NA | 11,800 | NA |
| Total Expenses | 68,292 | NA | 11,800 | NA |
| Profit Before Tax | (68,292) | NA | (11,800) | NA |
| Tax expense: | - | NA | - | NA |
| Profit for the year | (68,292) | NA | (11,800) | NA |

Cash Flows

The following table summarizes our cash flows for the year ended March 31, 2022 and March 31, 2023:

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|----------------|
| Net Cash from Operating Activities | (35,092) | - |
| Net Cash Used in Investing Activities | - | - |
| Net Cash from Financing Activities | - | - |
| Net Increase / (Decrease) in Cash and Cash Equivalents | (35,092) | - |
| Cash and Cash Equivalents at the beginning of the year | 51,850 | 51,849 |
| Cash and Cash Equivalents at the end of the year | 16,757 | 51,849 |
| Net Increase / (Decrease) in Cash and Cash Equivalents | 16,757 | 51,849 |

Quantitative and Qualitative Disclosures about Market Risk

Credit Risk

Credit risk is the risk that a counterparty fails to discharge its obligation to the Company. The Company's exposure to credit risk arises on account of financial assets are measured at amortised cost.

Liquidity Risk

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

Significant developments after March 31, 2022 that may affect our future results of operations

- Hon'ble NCLT has, vide an order dated February 08, 2023 (certified true copy of the order was received on March 14, 2023) approved the Scheme of Arrangement between GHCL Limited and GHCL Textiles Limited and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and other applicable laws. Pursuant to the Scheme, Spinning Division (as defined in the Scheme) is transferred to and vested into our Company. The Effective Date of the Scheme is April 1, 2023 with the Appointed Date of April 1, 2023. Accordingly, in accordance with the Scheme, our Company has allotted 9,55,85,786 Equity Shares of ₹ 2 each to the shareholders of GHCL Limited as on the Record Date in the ratio of 1:1 and the existing share capital of 50,000 equity shares of our Company was cancelled.

2. Our Board of Directors was reconstituted and KMPs were appointed.
3. Our Company was granted an exemption from the application of Rule 19(2) (b) of the Securities Contracts (Regulation) Rules, 1957 by the SEBI vide the letter no. [●] dated [●].
4. Other than the above, after the date of last audited financial statements i.e. March 31, 2023, the Directors of our Company confirm that, there have not been any significant developments.

SECTION VII – LEGAL AND OTHER INFORMATION OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions taken by statutory/regulatory authorities; (iii) indirect and direct tax proceedings; (iv) material litigation(s) involving our Company, our Directors, our Promoter, our Group Companies and (v) any litigation involving our Company, our Directors, our Promoter or any other person whose outcome could have a material adverse effect on the operations or financial position of our Company or (vi) outstanding dues to creditors of our Company as determined to be material by our Company's Board of Directors in accordance with the SEBI ICDR Regulations and dues to small scale undertakings and other creditors.

Our Company, our Promoters and/or our Directors, have not been declared as willful defaulters by the RBI or any governmental authority, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters or our Directors, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.

Unless otherwise stated, all proceedings are pending as of the date of this IM. All information provided below is as of the date of this IM.

I. Litigation proceedings initiated against our Company

a) Criminal proceedings:

NIL

b) Statutory or regulatory proceedings:

NIL

c) Other material pending proceedings:

1. A legal heir of the original owner of 6.41 Acres of assigned land, has moved Hon'ble Madras High Court to direct Govt. to resume the land and return it to him as the land was not used by the Company for the public purpose. Single Judge ordered restoration of Patta in favour of the Company. Govt. Filed appeal and Division bench stayed the order of Single Judge. Case is currently pending.
2. A legal heir Poochi Ammal of the original owner of a piece of assigned land has moved Hon'ble Madras High Court to direct Govt. to resume the land and return it to him as the land was not used by the Company for the public purpose. Both, Hon'ble SC and Hon'ble Madras HC have held that the legal heirs of the original owners of land have no right to seek resumption of land. Case is currently pending.
3. In a land resumption case of a piece of land, Hon'ble Madras High Court granted stay and directed State Govt. to consider company's proposal of giving alternate land or the guideline value of the property. Case is currently pending.
4. The commercial tax department has issued an order for the Assessment year 2011-12 and 2012-13. Against the order company has filed appeal with the department and got order in its favour for modification of the demand. Against the Appeal order, the department went for second appeal and it is pending. In the meantime, the department issued notices modifying the demand based on the 1st appeal order for ₹ 21.37 lacs. Against the fresh order, company has filed appeal, which is currently pending.
5. In some cases, Employees State Insurance Corporation (ESIC) has issued notices and demanded contribution amounting to ₹ 8.72 lacs and all cases are pending at different stages of the proceedings.
6. Some workmen have initiated labour court proceedings for their reinstatement with back wages involving an amount of about ₹ 12.70 lakhs and cases are pending at different stages of the proceedings.

(d) Tax proceedings:

NIL

II. Litigation proceedings initiated by our Company

a) Criminal proceedings:

1. A company M/s Auromira Energy Company Pvt. Ltd., has cheated the Company by failing to supply power and also refusing to return the advance payment of ₹ 72,00,000/- received by it. A Criminal complaint is filed. Case

is currently pending.

2. The Company has supplied yarn to one Mr. Anoop Shroff against Form H. Mr. Shroff provided forged documents. The Company has lodged FIR against Mr. Shroff for fabricating docts. & causing loss to the Company to the tune of ₹ 23,38,000/-. Case is currently pending.

b) Other material pending proceedings:

1. In an issue relating to Urban Land Tax, which was made applicable by TN government for the extended areas of Madurai effective from 01.07.1981. Government Order was issued in 1988 and the lands of the Company at Paravai were assessed to urban land tax. These orders went against the Company, which have finally reached Special Land Commissioner (Land Reforms), Chennai. The Appellate Authority has not granted stay of the assessment orders and therefore the Company has been depositing about 50% of the tax under protest. However total liability is ₹ 37,65,000/-. Case is currently pending.
2. A case relating to non-payment of salary recovery by erstwhile Meenakshi Mills in a timely manner resulting in interest recovery on the delayed payments made by Mills. The system of adjusting interest first and principal later has been the cause for litigation and ₹ 3,77,782/ is in dispute. Case is currently pending.
3. Tamilnadu Generation and Distribution Corporation (TANGEDCO) has preferred an appeal against the Single Judge of Hon'ble Madras High Court order dated 30.11.2012 setting aside the G O of Govt. of Tamil Nadu dated 11.07.2012 and TNAGEDCO memo of levying Cross Subsidy Surcharges according to which the Company is liable to pay ₹ 5,66,36,194/- with 9% int. from Dec. 2012 to March 2014. Division Bench of Hon'ble Madras High Court set aside the order of Single Bench the Company has challenged this order before Hon'ble Supreme Court of India and case is currently pending.
4. In land encroachment at Madurai plant, the Company tried to evict third parties who have encroached into its land in Manaparai. The trespassers filed writ petitions and prevented TNEB from disconnecting electricity to their houses by misleading High Court to believe that the encroachment is in different Survey Number which belongs to Highways Deptt and not to the Company. High Court dismissed their petitions. The Company filed civil suits for eviction. Cases are currently pending.

III. Litigation proceedings initiated against our Company's Directors and KMPs

- a) Criminal proceedings:
NIL
- b) Statutory or regulatory proceedings:
NIL
- c) Other material pending proceedings:
NIL

IV. Litigation proceedings initiated by our Company's Directors and KMPs

- a) Criminal proceedings:
NIL
- c) Other pending proceedings:
NIL
- (d) Tax proceedings:
NIL

V. Litigation proceedings initiated against our Promoters

- a) Criminal proceedings:
NIL
- b) Statutory or regulatory proceedings:
NIL
- c) Other material pending and Tax proceedings:

1. A company M.S. Shoes East Limited (now known as “Tomorrow land Technologies Export Limited”) has initiated arbitration proceedings against one of the Promoter company M/s Dalmia Finance (earlier known as M/s WGF Securities Limited) for failure to honour underwriting agreement executed in 1995 and got ex-parte award against M/s Dalmia Finance Limited. M S Shoes then filed a suit before Hon’ble Delhi High Court for recovery of ₹ 7.6 Cr. which passed ex-parte decrees against Dalmia Finance based on the ex-parte award. Later on, seeing that earlier no notice was served upon Dalmia Finance for initiation of arbitration proceedings and all the arbitration proceedings were held ex-parte, the Hon’ble Delhi High Court set-aside the execution proceedings as well as the decree passed against Dalmia Finance and also given liberty to Dalmia Finance to move an appropriate application to set aside the ex-parte award passed in arbitration proceedings. Dalmia Finance application for setting aside arbitration award is currently pending.
2. Against one of the promoter company M/s GTC Limited, insolvency application under Insolvency & Bankruptcy Code 2016 is admitted by Hon’ble National Company Law Tribunal Ahmedabad and an Insolvency Resolution Professional has been appointed.
3. Five promoter companies viz. M/s Mansarover Commercial Pvt. Ltd., M/s Trishul Commercial Pvt. Ltd., M/s Sovereign Commercial Pvt. Ltd., M/s Swastik Commercial Pvt. Ltd. and M/s Pashupatinath Commercial Pvt. Ltd, all registered in the State of Sikkim were being assessed to income tax and paying their respective income tax as per the applicable provisions of Sikkim State Income Tax Manual 1948. However, in relation to A.Y. 1987 to 1990 Income Tax Deptt. Delhi has sent notices and assessed income of these companies as per the Indian Income Tax, 1961. The A.O vide its order dated 09.10.1998 added notional income to the declared income of these companies, allowed levy of interest for arrears and directed initiation of penalty proceedings against these companies. At that Point of time principal amount to be paid was about 15.56 Cr. In subsequent proceedings before Income Tax authorities, ITAT set aside the order of A.O. Later on, challenge of this order by Income Tax Deptt., Hon’ble High court of Delhi set aside ITAT order and upheld the Assessment Order of A.O. Aggrieved by this, all these companies have preferred Special Leave Petitions before Hon’ble Supreme Court of India. No amount is crystalized so far. Currently cases are pending.

(e) Disciplinary action including penalty imposed by SEBI or stock exchanges against promoters in the last five financial years including outstanding action:

NIL

VI. Litigation proceedings initiated by our Promoters

a) Criminal proceedings:

NIL

b) Other material pending proceedings:

NIL

VII. Any pending litigation involving the Group Company which has a material impact on our Company

NIL

VIII. Outstanding Dues to Small Scale Undertakings or any other Creditors

The details of outstanding dues to creditors, as at March 31, 2023, are as follows:

| Particulars | No. of creditors | Amount due |
|--------------------|-------------------------|-------------------|
| MSME Creditors | NIL | NIL |

For complete details about outstanding dues to the creditors of our Company, see “Financial Statements” on page 97.

MATERIAL DEVELOPMENT AFTER THE DATE OF LAST FINANCIAL STATEMENTS AS ON MARCH 31, 2022

Except as mentioned below, in the opinion of our Board, there have not arisen since the date of last Financial Statements as on March 31, 2022, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next twelve months:

1. Hon'ble NCLT has, vide an order dated February 08, 2023 (certified true copy of the order was received on March 14, 2023) approved the Scheme of Arrangement between GHCL Limited and GHCL Textiles Limited and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and other applicable laws. Pursuant to the Scheme demerge the Spinning Division (*as defined in the Scheme*) is transferred to and vested into our Company. The Effective Date of the Scheme is April 1, 2023. Accordingly, in accordance with the Scheme, our Company has allotted 9,55,85,786 Equity Shares of ₹ 2 each to the shareholders of GHCL Limited as on the Record Date in the ratio of 1:1 and the existing share capital of 50,000 equity shares of our Company was cancelled.
2. Our Board of Directors was reconstituted and KMPs were appointed;

GOVERNMENT AND OTHER STATUTORY APPROVALS

Pursuant to the Scheme of Arrangement, all the permits, licenses, registrations, authorities, allotments, approvals, contracts, engagements, arrangements, title, interest, benefits, rights and benefits under insurance policies, intellectual property including trademarks, patents, copyrights, privileges, goodwill, import quotas, import licenses, industrial designs, labels, label designs and all other rights including lease rights, tenancy rights, authorizations, licenses, quota rights, all special economic zone benefits, excise duty exemptions, income-tax benefits and exemptions, approvals and recognitions for scientific research issued by the prescribed authority, powers and facilities of every kind, nature and description whatsoever of the Agrochemical and Pigment Undertaking of the Demerged Company shall stand transferred to and vested in or shall be deemed to be transferred to and vested in our Company as if the same were originally given or issued to or executed in favour of our Company, and the rights and benefits under the same shall be available to our Company.

For Scheme related approvals, see “Other Regulatory and Statutory Disclosures” on page 154.

We require various approvals to carry on business in India. Our Company has received the following major government and other approvals pertaining to our business:

Regulatory Approvals, Licenses and Permissions

Each of the manufacturing facilities of the spinning business have obtained requisite approvals and licenses, including factory licenses, Import Export Code – IEC – (presently one IEC –for GHCL as a whole), GST Registration etc.

Incorporation and Corporate Approvals

1. Certificate of incorporation dated June 17, 2020 issued by the ROC;
2. The Corporate Identity Number of our Company is U18101GJ2020PLC114004;
3. The ISIN of Equity Shares of our Company is INE0PA801013.

Tax related approvals

1. The Permanent Account Number (PAN) of our Company is AAICG3408K;
2. The Tax Deduction and Collection Account Number (TAN) is AHMG08875G;
3. The Goods and Services Tax (GST) registration Number for the operating locations in Tamil Nadu: 33AAICG3408K1ZO.

Intellectual Property

Trademark

Our Company has made application for registration of logo under the Trade Marks Act, 1999.

Patents

Nil

Other Approval: The Company is in the process of making applications, and has applied to various authorities for seeking registration certificates/approvals pursuant to the Scheme:

- Registration for employees’ provident fund issued by the Employees’ Provident Fund Organization under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;
- Registration for employees’ insurance issued by the Employees State Insurance Corporation Ahmedabad under the Employees' State Insurance Act, 1948;
- Registration for Shops and Establishment, Gujarat under the Gujarat Shops & Establishments Act 1948;
- GST registration numbers for the Registered office in Ahmedabad;
- Trademark related approval.
- Town Planning Approval – Factory Building – Paravai and Manaparai
- Building stability certificate
- Employees State Insurance – registration

- Employees Provident Fund – exempted – paravai & manaparai
- Employees Family Pension Scheme- paravai & manaparai
- Hostel Food License
- Canteen Food License
- Vehicle Emission Certificate
- Motor Vehicle Registration for company vehicle
- Contract labour license
- Land property registration – madurai/manaparai/paravai/courtallam/kodaikannal/ wind mill- sankaneri, udumalpet and kaythar
- Regulated market committee registration
- Fire safety license
- Pollution Control Board – consent order (for water /air) paravai and manaparai
- Sanitary certificate
- Tangedco connection – paravai and manaparai
- Electrical inspection approval – annual
- Pressure vessel testing certificate
- Diesel explosive license
- Metrological calibration certificate
- Wind Mill – sanakaneri, udumalpet and kayathar – substation grid connectivity
- Wind Power – REC registration with SLDC and NLDC
- IEX – power trading registration
- Chamber of commerce registration - Tuticorin and Chennai
- ISO-IMS /QMS/EMS/OHSAS – certificate
- Star House Certificate
- Secretariat for Industrial Assistance Certificate (SIA)- Paravai & Manaparai
- DGFT-EPCG – License Coimbatore
- DGFT -EPCG – License Surat
- SRTEP Registration (The Synthetic & Rayon Textile Export Promotion Council)
- SIMA Registration (Southern India Mills Association)
- Textile Committee Registration- Madurai
- SITRA – South India Textile Research Association
- IWPA – Indian Wind Power Association
- TECA - Tamilnadu Electricity Consumer Association
- Chamber Of Commerce Registration - Tuticorin And Chennai
- Sap (Hanna) License
- Tally License – Till 31st March 2018
- Oeko-Tex Certificate
- Egyptian Gold Seal- Certificate
- Cotton USA – Certificate
- Supima - Certificate
- CMIA – Certificate (Cotton Made In Africa)
- Usterized - Certificate
- GRS (Global Recycle Standard)- Certificate
- GOTS (Global Organic Textile Standards) - Certificate
- OCS (Organic Content Standard) - Certificate
- Liva (Birla Cellulose – Fluid Fashion) – Certificate
- OPG Power Generation Pvt Limited – Share Purchased – Under Group Captive Scheme
- DM Solar - – Share Purchased – Under Group Captive Scheme
- TCP - Share Purchased – Under Group Captive Scheme
- SSMT - Share Purchased – Under Group Captive Scheme
- United India Insurance – For Paravai and Wind Mill –Sanakneri & Udeumalpet
- New India Assurance - For Manaparai and Wind Mill – Kayathar
- Bank Account – All Loan Account – IDBI/SBI/UBI/HDFC/AXIS /EXIM – Located At Ahmedabad
- Duty Draw Bank Account- Job Tuticorin / Sbi –Navaseva, Mumbai

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority of Listing

Hon'ble NCLT has, vide an order dated February 08, 2023 (certified true copy of the order was received on March 14, 2023) approved the Scheme of Arrangement between GHCL Limited and GHCL Textiles Limited and their respective shareholders and creditors under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013 and other applicable laws. Pursuant to the Scheme, Spinning Division (*as defined in the Scheme*) is transferred to and vested into our Company. The Effective Date of the Scheme is April 1, 2023 with the Appointed Date of April 1, 2023. Accordingly, in accordance with the Scheme, our Company has allotted 9,55,85,786 Equity Shares of ₹ 2 each to the shareholders of GHCL Limited as on the Record Date in the ratio of 1:1.

In accordance with the Scheme, the Equity Shares of our Company, shall be listed and admitted to trading on BSE and NSE. Such admission and listing is not automatic and will be subject to fulfilment by our Company of the respective listing criteria of the Stock Exchanges and also subject to such other terms and conditions as may be prescribed by the respective Stock Exchanges at the time of the application made by our Company seeking approval for listing.

Eligibility Criteria

There being no initial public offering or rights issue, the eligibility criteria prescribed under the SEBI ICDR Regulations are not applicable. However, SEBI, vide its letter no [●] dated [●], granted relaxation of clause (b) to sub-rule (2) of Rule 19 of SCRR on an application by the Company to SEBI under sub-rule (7) of Rule 19 of the SCRR as per the SEBI Circular. Our Company submitted this Information Memorandum, containing information about our Company, making disclosures in line with the disclosure requirement for public issues, as applicable to NSE and BSE and the Information Memorandum shall be made available to public through the respective websites of the Stock Exchanges i.e. www.nseindia.com and www.bseindia.com. Our Company shall make the Information Memorandum available on its website at www.ghcltextiles.co.in. Our Company shall publish an advertisement in the newspapers containing details as per the SEBI Master Circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated November 23, 2021. The advertisement shall draw specific reference to the availability of the Information Memorandum on our Company's website.

Prohibition by SEBI

Our Company, Promoters, Promoter Group and Directors are not or have not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Further, none of our Directors or Promoters is a director or promoter of any other company which is currently debarred from accessing the capital markets by SEBI.

Association with the Securities Market

Further, none of the Directors of the Company are associated with the securities market in any manner, and SEBI has not initiated any action against any entity, with whom the directors of the Company are associated in the past five years preceding the date of this Information Memorandum.

Identification as willful defaulter by RBI

Our Company, Promoters, Directors have not been identified as willful defaulters by the Reserve Bank of India.

Fugitive Economic Offender

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, Promoters and Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 to the extent applicable.

Disclaimer clause of SEBI

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS INFORMATION MEMORANDUM TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS INFORMATION MEMORANDUM.

THE FILING OF THIS INFORMATION MEMORANDUM DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, ANY IRREGULARITIES OR LAPSES IN THIS THIS INFORMATION MEMORANDUM.”

Disclaimer Clause of NSE

The approval given by the NSE should not in any manner be deemed or construed that the Scheme has been approved by NSE; and/ or NSE does not in any manner warrant, certify or endorse the correctness or completeness of the details provided for the unlisted Company; does not in any manner take any responsibility for the financial or other soundness of the Resulting Company, its promoters, its management etc.

As required, a copy of this Information Memorandum has been submitted to NSE.

Disclaimer Clause of BSE

As required, a copy of the draft Scheme was submitted to BSE. BSE has vide its letter dated March 3, 2022 granted its observations on the Scheme under Regulation 37 of the SEBI LODR Regulations and by virtue of that approval, the BSE's name is included in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

As required, a copy of this Information Memorandum has been submitted to BSE.

General Disclaimer from our Company

Our Company accepts no responsibility for statements made otherwise than in this Information Memorandum or in the advertisements to be published in terms of Annexure I Para III (A)(5) of the SEBI Circular or any other material issued by or at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Jurisdiction

Exclusive jurisdiction for the purpose of this Information Memorandum is with the competent courts / authorities in Gujarat, India.

Filing

This Information Memorandum has been filed with BSE and NSE.

Listing

Applications have been made to BSE and NSE for an official quotation of the Equity Shares of our Company. Our Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of the Equity Shares. Our Company has taken steps for completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within a period as approved by SEBI.

Listing Approval from BSE and NSE

Our Company has obtained in-principle listing approvals from BSE and NSE on [●] and [●]. Our Company shall make the applications for final listing and trading approvals from BSE and NSE.

Exemption from Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957

Our Company was granted an exemption from the application of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 by the SEBI vide the letter no. [●] dated [●].

Demat Credit / Dispatch of share certificates

The Company has executed Tripartite Agreements with CDSL and NSDL dated April 5, 2023 and March 28, 2023, respectively, for admitting its securities in demat form. The ISIN allotted to the Company's Equity Shares is INE0PA801013. The Equity Shares have been allotted to those shareholders who have provided necessary details to the Company/RTA and/or who were holding their equity shares in GHCL Limited in demat form as on the Record Date i.e. April 8, 2023. Our Company is in the process of credit the Equity Shares in the demat account of respective shareholders through NSDL and CDSL.

Further, In accordance with the Scheme, new Equity Shares have been issued and allotted to the Eligible Shareholders of GHCL Limited on the Record Date i.e. April 8, 2023 and the new Equity Shares shall be credited to the depository participant accounts of the Eligible Shareholders.

It is important to note that **equity shares of GHCL Textiles Limited (Resulting Company) shall be issued only in dematerialized form** in line with the applicable laws read with Clause 5.5 of the Scheme, as the Resulting Company is not permitted to issue and allot new equity shares in physical form. Attention of the physical shareholders of the Demerged Company are invited on **Clause 5.5 of the Scheme**, which is reproduced as under:

5.5 The equity shares shall be issued in dematerialized form to those shareholders who hold shares of the Demerged Company in dematerialized form, into 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 fail 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.

Expert Opinions

We have not obtained any expert opinions for the purpose of this Information Memorandum.

Consent

Our Company has obtained consent from our Directors, Statutory Auditor and Registrar.

Public Issues or Rights Issues

Since incorporation, our Company has not issued Equity Shares to the public or had any Rights Issues.

Capital Issue in the last 3 years

Neither our Company, nor any listed Group Company/ subsidiaries/ associates have made any capital issue during the last 3 years.

Commission and Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Performance vis-a-vis Objects

Since incorporation, our Company has not issued any Equity Shares to public. The Equity Shares of our Company will be listed on the Stock Exchanges pursuant to the Scheme.

Issuances for consideration other than Cash

For details in relation to the allotment of Equity Shares for consideration other than cash, see “*Capital Structure*” on page 30.

Outstanding Debenture or Bonds and Redeemable Preference Shares and Other Instruments Issued by the Company

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by our Company.

Stock Market Data for Equity Shares of the Company

The Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of shares through this Information Memorandum. For details on the stock market data of our Group Company, please see “*Group Company*” on page 92. No subsidiary or associate company of our Company are listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company to accept the documents/requests/complaints from the investors/shareholders of the Company. All documents are received at the inward department, where the same are classified based on the nature of the queries/actions to be taken and coded accordingly. The documents are then electronically captured before forwarding to the respective processing units. The documents are processed by professionally trained personnel. The Company has set up service standards for each of the various processes involved such as effecting the transfer/dematerialization of securities/change of address ranging from 15-30 days.

Shareholders can express their grievances by sending mails to rnt.helpdesk@linkintime.co.in or raise complaints in SCORES (Common Portal introduced by SEBI). Further, the Shareholders can also raise their grievances with our Company Secretary. As on the date of this Information Memorandum, our Company has not received any investor complaints.

Name and Contact details of Company Secretary & Compliance Officer

Mr. Lalit Narayan Dwivedi

GHCL House, B-38, Sector-1, Institutional Area, Noida – 201301 (U.P.) India;

Telephone: +91-0120-4939926;

Email: lalitdwivedi@ghcltextiles.co.in

Capitalization of Reserves or Profits

Our Company has not capitalised reserves or profits since incorporation.

Revaluation of Assets

Our Company has not revalued its assets since incorporation.

Undertaking

The complaints received from the investors shall be attended to by the Company expeditiously and satisfactorily. All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed are taken within the period prescribed by SEBI.

Changes in auditors

There has been no change in the statutory auditors of the Company since incorporation.

SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

*Table F as notified under schedule I of the Companies Act, 2013 is applicable to the Company

GHCL TEXTILES LIMITED A COMPANY LIMITED BY SHARES

INTERPRETATION

Interpretation Clause

I. (i) In these regulations --

(a) “the Act” means the Companies Act, 2013,

(b) “the seal” means the common seal, if any, of the Company.

(c) “Board” means the Board of Director of the Company

(ii) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the Company.

General Powers

(iii) Wherever in the Companies Act, 2013 it has been provided that the Company shall have any right, privilege or authority or that Company cannot carry out any transaction, action or event unless the Company is so authorized by its Articles then in that case, this Article hereby authorise and empower the Company to have such rights, privileges or Authority and to carry out such transaction, action or event as have been permitted by the Companies Act, 2013 as amended from time to time.

Reference to share to include debentures or other securities

(iv) Unless otherwise repugnant to the context, all the provisions of the Articles of Association pertaining to shares shall mutatis mutandis apply to debentures and other securities of the Company.

Share Capital and variation of Rights

II. Directors to allot shares

1. The shares in the capital of the Company shall be under the control of the Board who may issue and allot or otherwise dispose of the same in the Capital of the Company to any person, in such proportion and on such terms and conditions as they may deem fit including issue and allotment of shares as payment or part payment for any property sold or transferred or goods or machinery supplied or for service rendered to the Company in or about the conduct of the Company's business and shares to be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares.

2. Provisions as to issue of certificates

(i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided –

(a) one certificate for all his shares without payment of any charges; or

(b) several certificates, each for one or more of his shares, upon payment of such charges as may be fixed by the Board for each certificate after the first.

(ii) Every certificate shall specify the shares to which it relates and the amount paid-up thereon and shall be signed by any two of the directors or any one of the directors and a person authorised by the Board or in any other permitted manner. Provided that in case the company has a common seal it shall be affixed in the presence of the persons required to sign the certificate.

(iii) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders. Issue of new certificate in place of one defaced, lost or destroyed

(iv) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of such charges as may be fixed by the Board for each certificate.

3. Kinds of Share Capital

(i) The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other applicable laws:

(a) Equity Share Capital:

i. with voting rights; and /or

ii. with differential rights as to dividend, voting or otherwise in accordance with the Rules; and

(b) Preference Share Capital Dematerialization of Shares

(ii) Notwithstanding anything contained in these Articles, the Company shall be entitled in accordance with the provisions of the Depositories Act, 1996, to dematerialise any or all of its shares, debentures and other marketable securities and to offer the same for subscription in dematerialized form and on the same being done, the Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialized form in any media as permitted by law including any form of electronic media, either In respect of the existing shares or any future issue.

4. Company not to recognize any trust

Except as required by law, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5. Payment of Commission & Brokerage

(i) The Company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.

(iv) The Company may, on any issue of securities, pay such brokerage as may be reasonable and lawful.

6. Variation of class rights

(i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

7. Creation or issue of further share not to vary class rights

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari-passu therewith.

8. Power to Issue Redeemable Preference Shares

Subject to the provisions of the Act, the Board shall have the power to issue or redeem or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act.

Lien

9. Company's Lien on shares

(i) The Company shall have a first and paramount lien:

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

Outsider's lien not to affect Company's lien

(iii) In exercising its lien, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or unless required by any statute) be bound to recognize any equitable or other claim to, or interest in, such share on the part of any other person, whether a creditor of the registered holder or otherwise. The Company's lien shall prevail notwithstanding that it has received notice of any such claim.

10. As to enforcing lien by sale

The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

(i) Provided that no sale shall be made—

unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

11. Validity of sale

(i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof. Purchaser to be registered holder

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

Purchaser not affected

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

12. Application of proceeds of sale

(i) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

Calls on Shares**13. Board may make calls**

(i) The Board may, from time to time, make calls, of such amount and giving such time as it may deem appropriate, upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.

Board may extend time for payment

(ii) The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call in respect of one or more members as the Board may deem appropriate in any circumstances.

(iii) A call may be revoked or postponed at the discretion of the Board.

14. Installments on shares to be duly paid

If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder

15. Joint Holders

(i) Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship subject to the provisions contained in these Articles:

(ii) The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16. Interest on Calls unpaid

(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17. Sum payable on allotment or on fixed date deemed to be call

(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

18. Payment in anticipation of calls may carry interest

The Board -

a. may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

b. upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance. Provided that such calls in advance shall not confer any additional dividend or additional voting right upon such member.

Transfer of Shares

19. Instrument of transfer to be executed by transferor and transferee

(i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

Transferor deemed to be holder of share till registration of transfer

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

Custody of Transfer documents

(iii) The instrument of transfer shall after, registration be retained by the Company and shall remain in its custody. All the instruments of transfer which the directors may decline to register shall on demand be returned to the person depositing the same. The directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.

20. Board may refuse to register transfer

(i) The Board may, subject to the right of appeal conferred by the Act decline to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the company has a lien.

(c) any transfer of shares on sufficient cause.

Refusal Odd Lots

(ii) Without in any way derogating from the powers conferred on the Board by this Article, the Board shall be entitled to refuse an application for transfer of shares less than the market trading unit of shares of the Company subject, however, to the following exceptions.

a) transfer of shares made in pursuance of any provision of law or statutory regulation or order, or an order of a competent Court of Law, or b) transfer of the entire holding of shares by a shareholder holding less than the market trading unit of the Company's Shares by a single transfer to a single or joint names, or

c) transfer of share

(i) by a transferor whose shareholding after the transfer will result in his holding the market trading unit of the Company's shares or a multiple of such unit or

(ii) to one or more transferees, whose shareholding after the transfer (in case of transfer from more than one transferor all transfers being presented to the Company for approval simultaneously) together with the shares already held by him will result in a holding of the market trading unit of the Company's shares or a multiple of such unit, or

d) transmission of shares under a will, and

e) transfer of shares of less than the market trading unit held by a shareholder, where the Board of Directors may at its discretion and in exceptional circumstances or in cases of genuine hardship or for any other just and sufficient cause (the decision of the Board being final and conclusive) accept such application.

Power to refuse sub-division and/or consolidation

(iii) Notwithstanding anything contained hereinabove, the Directors, may in their absolute discretion refuse sub-division and/or consolidation of Share Certificates or Debenture Certificates into denominations of less or more than marketable lots except where such sub-division and/or consolidation is required to be made to comply with a statutory provision or an order of a competent court of law.

The Company not liable for disregard of notice prohibiting registration of transfer

(iv) The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the company may have notice of such equitable right, title or interest or notice prohibiting registration of such transfer and, may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it or any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice and give effect thereto if the Board of Directors shall so think fit.

21. Board may decline to recognize instrument of transfer

The Board may decline to recognize any instrument of transfer unless -

- (i) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
- (ii) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- (iii) the instrument of transfer is in respect of only one kind of shares.

22. Transfer of Share Suspended

On giving not less than seven days' previous notice in accordance with the Act and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

Transmission of shares**23. Directors may call for transfer of the shares of the deceased**

(i) If any member dies, the Board may call the heirs or the executors or the administrators of such deceased members to transfer the shares of the deceased to some person to be approved by the Board at the fair value of the shares and if the heirs or the executors or the administrators do not comply forthwith with such requisition, they shall be deemed to have served to the Company with a transfer notice under Article 19(ii) and the provisions of that Article and the subsequent Articles shall apply thereon operate.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

(iii) On the death of any joint holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the shares but the Directors may require such evidence of death as they may think fit and nothing herein contained shall be deemed to release estate of the joint holder with any other persons.

(iv) The executors or administrators of deceased members shall be the only person recognized by the Company as having any title to his shares and the Company shall not be bound to recognize such executors or administrators or other legal representation as the case may be from a duly constituted Court in India. Provided nevertheless that it shall be lawful for the Directors in its absolute discretion to dispose with production of Probate or Letter of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Directors may deem fit.

24. Transmission Clause

(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25. Right to election of holder of share

(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. Claimant to be entitled to same advantage

A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

Forfeiture of shares

28. Service of Notice for unpaid call

If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

29. Contents of Notice for unpaid calls

(i) The notice aforesaid shall - name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(ii) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

30. Forfeiture of shares for not complying with requirements of notice

If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

31. Sale or Cancellation of forfeited shares

(i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

32. Effects of Forfeiture of shares

(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares.

33. Sale / Disposal of Forfeited shares

(i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

34. Provisions relating to Forfeiture of shares

(i) The provisions of these regulations as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the

nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified

Surrender of share certificates

(ii) The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit.

Alteration of Capital

35. Increase in share capital of the Company

The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

36. Consolidation, Sub-division, Cancellation of Share Capital

Subject to the provisions of section 61, the Company may, by ordinary resolution –

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(ii) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(iii) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(iv) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person. Provided that the Company may also specify its unspecified shares in any kind of shares.

37. Conversion of shares into Stock

Where shares are converted into stock -

(i) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(ii) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(iii) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.

38. Reduction of Share Capital

The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law-

(i) its share capital;

(ii) any capital redemption reserve account; or

(iii) any share premium account.

Capitalization of profits

39. Approval of members for Capitalization of Profits

(i) The Company in general meeting may, upon the recommendation of the Board, resolve –

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company’s reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards-

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

- (b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
- (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b);
- (d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;
- (e) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

40. Effects of Members approval for Capitalization of Profits

- (i) Whenever such a resolution shall have been passed, the Board shall-
 - (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby, and all allotments and issues of fully paid shares if any; and
 - (b) generally do all acts and things required to give effect thereto.
- (ii) The Board shall have power-
 - (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
 - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalization, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares;
- (iii) Any agreement made under such authority shall be effective and binding on such members.

Buy-back of shares

41. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own shares or other specified securities.

General meetings

42. i. All general meetings other than annual general meeting shall be called extraordinary general meeting.

Casting vote of Chairperson at general meeting

ii. On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote.

Powers to arrange security at meetings

iii. The Board, and also any person(s) authorised by it, may take any action before the commencement of any general meeting, or any meeting of a class of members in the Company, which they may think fit to ensure the security of the meeting, the safety of people attending the meeting, and the future orderly conduct of the meeting. Any decision made in good faith under this Article shall be final, and rights to attend and participate in the meeting concerned shall be subject to such decision.

Maintenance and Inspection of Statutory Registers and records

iv. Subject to the provisions of the Act and Rules made there under, the Company shall keep and maintain at its registered office or at any other place as may be permitted, all statutory registers and records for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules.

Provided that the Registers and Records shall be open for inspection (wherever permissible) during 11.00 a.m. to 1.00 p.m. on all working days of the Company, at the place where such Registers and Records are kept by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Act and the Rules. The fees for obtaining extracts of the Registers and Records (wherever permissible) may be also fixed by the Board but not exceeding the limits prescribed by the Act and the Rules.

43. Calling of Extra Ordinary General Meeting

- (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.
- (ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the Company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Proceedings at general meetings

44. Quorum of General Meeting

- (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

45. Chairperson of General Meeting

The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company.

46. Appointment of Chairperson in General Meeting

If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

47. Appointment of Chairperson by members

If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

Adjournment of meeting

- 49. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting rights

50. Determination of Voting Rights

Subject to special voting rights or restrictions (as decided by the Board) attached to different class or classes of shares:

- (i) On a show of hands, every members present in person shall have one vote; and
- (ii) On a poll, the voting rights of members shall be in proportion to his share in the paid up equity share capital of the Company.

51. Voting through Electronic Mode

A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

52. Voting in case Joint holders

- (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

53. Voting on behalf of person of unsound mind

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his legal guardian, and any such guardian may, on a poll, vote by proxy.

54. Voting by Poll at the General Meeting

Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

55. Voting can only be made by members all the amount on shares

No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

56. Objection on Voting Right

(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

Proxy

57. Appointment of Proxy

The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

58. Proxy Form

An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105.

59. Voting by Proxy holder

A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given: Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors

60. The First Directors of the Company are:

- (i) Mr. Neelabh Dalmia
- (ii) Mr. Ravi Shanker Jalan
- (iii) Mr. Raman Chopra

61. Remuneration by way of monthly payment to accrue daily

(i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

Remuneration to be determined in accordance with the Act

(ii) The remuneration payable to the directors, including any managing or whole-time director or manager, if any, shall be determined in accordance with and subject to the provisions of the Act

Payment of expenses to Directors

(iii) In addition to the remuneration payable to them in pursuance of the aforesaid Articles, the Directors may be paid taxi, air or railway return fare, hotel and other incidental expenses incurred by them for the purposes of attending and returning from meeting of Board of Directors or any committee thereof or any general meeting of Company or in connection with the business of the Company or any committee thereof or any general meeting of Company or in connection with the business or activities of the Company.

Remuneration to Directors

(iv) If any Director being willing, shall be called upon to perform extra services which expression shall include work done by the Director as a member of any committee formed by the Directors or to make any special exertions in going or residing abroad or otherwise for any of the purposes of the Company, the Board may resolve to remunerate such Director either by a fixed sum (as salary, allowance, perquisites, bonus, ex-gratia, profit in lieu of salary or otherwise, whether ad-hoc or on recurring basis) or by a percentage of profit (as commission or otherwise) as may be determined by the Board.

Provided that subject to provisions of the Act, the remuneration may be paid by the Company to any of its Directors whether designated as Managing Director and/or Whole Time Director and/or any other designation.

Directors to hold office

(v) Subject to the provisions of the Act, a Director may hold any other office or place of profit under the Company except that of any auditor upon such terms and remunerations as may be determined by the Board from time to time.

Contract by Directors

(vi) Subject to the provisions of the Act and Rules made thereunder, a Director shall be capable of contracting and participating in the profits of any contract with the Company and shall be directly or indirectly concerned or interested in any contract or arrangement entered into by or on behalf of the Company in the same manner as if he was not a Director.

Sitting Fee

(vii) Every Director shall be paid out of the funds of the Company such sum as the Directors may from time to time determine for attending every meeting of the board or any committee of the Board, subject to the ceiling prescribed under the Act. The Directors shall also be paid travelling and other expenses for attending and returning from meeting of the Board and any other expenses properly incurred by them in connection with the business of the Company.

62. Incorporation Expenses

The Board may pay all expenses incurred in getting up and registering the Company.

63. Foreign Register

(i) The Company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.

Attendance Register

(ii) Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

64. Authority to Board

All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

65. Power to appoint Managing Directors/Whole Time Director

(i) The Board may from time to time appoint any one or more Directors to be the Managing Director and/or Whole-time Director of the Company on such remuneration and terms and conditions as the Board may think fit from time to time and subject to the provisions of any contract between him and Company, the Board may, remove or dismiss him from office and appoint another person in his place.

Management

(ii) The general activities of the business of the Company subject to the control and supervision of the Board shall be in the hands of the Managing Director/s, if any and/or Whole time Director/s, if any and/or any of the Director/s authorized by the Board of Directors of the Company, who shall have power and authority on behalf of the Company to make all the purchases and sales and to enter into all commercial transactions including contracts and to do all such acts and things which are usually necessary or desirable in the management of the affairs of the Company or in carrying out its objects and for and on behalf of the Company to draw, accept, endorse and negotiate all the cheques, bills of exchange, promissory notes, drafts, Government and other securities as shall be necessary for or carrying on the affairs of the Company and to institute, conduct, defend, compromise, refer to arbitration and abandon legal and other proceedings, claims and disputes in which the Company is concerned and to employ in or to appoint for the purpose of Management of the business of the Company and to remove or suspend such administrators, secretaries, managers, experts, engineers, consultants, advisors, agents, representatives, brokers and other employees, as he or they shall think proper and to advance money for purchase of goods, machinery, stores, or any other property, assets, article and things required for the purpose of the Company.

66. Appointment of Additional Director

(i) Subject to the provisions of the act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

Duration of office of Additional Director

(ii) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act.

To what provisions he shall be subject

(iii) Managing Director and Whole Time Director (subject to the provisions of any contract between him and the Company) be subject to the same provisions as to resignation and removal as the other Directors

and shall ipso facto and immediately cease to be the Managing Director if he ceases to hold the office of Director for any cause.

Appointment of Alternate Director

(iv) The Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act.

Duration of office of Alternate Director

(v) An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.

Re-appointment provisions applicable to Original Director

(vi) If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director.

Appointment of director to fill a casual vacancy

(vii) If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.

Nominee Director

(viii) Subject to the provisions of the Act and to these Articles, whenever the Directors enter into a contract with any Government, Central, State or Local, any Bank/s or Financial Institution/ s or any person/s [hereinafter referred to as "the Appointer"] for borrowing any money or for providing any guarantee or security for any technical or financial collaboration or assistance or for entering into any other arrangement, whatsoever, the Directors shall have the power to agree that such appointer shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such terms and conditions as may be mentioned in the agreement and that such Director or Directors may not liable to retire by rotation nor be required to hold any qualification shares. The Directors of Company may also agree that such Director may be removed from time to time by the appointer and the appointer may appoint another or others in his or their place and also fill in any vacancy, which may occur as a result of any such Director or Directors ceasing to hold that office for any reason whatsoever.

Proceedings of the Board

67. Meetings of Board

- (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

68. Majority votes for taking decisions

- (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

Casting Vote

- (ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

69. Quorum of Meeting

The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose.

70. Chairperson of Board

- (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

71. Delegation of Powers by the Board

- (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member (whether named as committee or not) or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
- (iii) Subject to provisions of the Act, the Board may, also delegate any of its powers to any person whether an officer or employee of the Company or not.

72. Chairperson of Committee

- (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

73. Adjournment of Committee Meeting

- (i) A committee may meet and adjourn as it thinks fit.
- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

74. Acts of Board or Committee binding on Company

All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

75. Written Resolution

Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

**Chief Executive Officer, Manager, Company Secretary or Chief
Financial Officer**

77. Appointment of CEO/Manager/ CS/CFO

- (i) Subject to the provisions of the Act,-
A Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer so appointed may be removed by means of a resolution of the Board;
- (ii) A director may be appointed as Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer.

78. A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, Company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, Company secretary or chief financial officer.

The Seal

79. The seal, its custody and use

- (i) The Board may decide to keep common seal of the Company and may provide for the safe custody of such seal, if any.

Affixation of seal

- (ii) The seal, if any, of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least one director and of the secretary or such other person as the Board may appoint for the purpose; and those director/s and the secretary or other person as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence

Dividends and Reserve

80. Declaration of Dividend

- (i) The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
- (ii) No dividend shall bear interest against the Company.

81. Interim Dividend

Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the Company.

82. Reserves

- (i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit.
- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

83. Rights of shareholder

- (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

84. Deduction of Calls in Arrears from Dividend

The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.

85. Payment of Dividend

- (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

86. Receipt of Dividend

Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

87. Notice of Dividend

Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

88. Waiver of Dividends or Bonus

The waiver in whole or in part of any dividend or bonus (capitalization of profit) by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

Accounts

- 89.** (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Board or by the Company in general meeting.

Winding up

90. Subject to the provisions of Chapter XX of the Act and rules made thereunder-

(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity & Insurance

91. (i) Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

Insurance

(ii) The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably.

Others

92. Secrecy Clause

(i) Subject to the provisions of the act no member shall be entitled to visit or inspect any work of the Company without the permission of the Directors, Managing Directors or Secretary or any discovery of any information or any detail of the Company's business or any other matter, which is or may be in the nature of a trade secret, mystery of secret process or which may relate to the conduct of the business of the Company and which in the opinion of the Directors or the Managing Director will be inexpedient in the collective interests of the members of the Company to communicate to the public or any member.

(ii) Every Director, manager, secretary, auditor, trustee, member of committee, officer, servant, agent, accountant or other person employed in the business of the Company will be upon entering his duties pledging himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

SECTION IX – OTHER INFORMATION MATERIAL

CONTRACTS AND DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of our Company on any working day (i.e. Monday to Friday and not being a bank holiday in Gujarat) between 10:00 AM and 2:00 PM for a period of seven days from the date of filing of this Draft Information Memorandum with the Stock Exchanges.

Documents for Inspection

1. Tripartite Agreement dated March 28, 2023 with NSDL, Registrar and Transfer Agent and our Company;
2. Tripartite Agreement dated April 5, 2023 with CDSL, Registrar and Transfer Agent and our Company;
3. Registrar and Transfer Agent agreement dated March 06, 2023 entered into among our Company and the Registrar and Transfer Agent to the Company;
4. Memorandum and Articles of Association of the Company, as amended till date;
5. Certificate of Incorporation of our Company dated June 17, 2020;
6. Board Resolution dated March 06, 2023 for appointment of Non-Executive Directors, CEO, CFO and CS;
7. Statement of possible special tax benefits dated March 29, 2023, issued by S A S & CO., Chartered Accountants;
8. NCLT order dated February 08, 2023 (certified true copy of the order was received on March 14, 2023) approving the Scheme;
9. Letters issued by NSE and BSE under Regulation 37 of the SEBI Listing Regulations, bearing reference no. NSE/LIST/29482_II dated March 03, 2022 and DCS/AMAL/TL/R37/2247/2021-22 dated March 03, 2022 respectively, approving the Scheme;
10. SEBI's letter (bearing reference no. [●]) dated [●] granting relaxation of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957 as per the Master SEBI Circular issued by SEBI dated November 23, 2021 for the purpose of listing of the shares.
11. NSE letter no. [●] dated [●] granting in-principle approval for listing.
12. BSE letter no. [●] dated [●] granting in-principle approval for listing.

DECLARATION

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 SEBI, 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 Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, and 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 made in this Information Memorandum are true and correct.

For and on behalf of the Board of Directors of

GHCL Textiles Limited

RAVI SHANKER JALAN
[Director]

RAMAN CHOPRA
[Director]

Date: April 12, 2023

Place: Noida