

Date: 06 December 2021**To,****The Board of Directors**

GHCL Limited

GHCL House, Opp. Punjabi Hall,

Navrangpura, Ahmedabad,

Gujarat – 380 009

To,**The Board of Directors**

GHCL Textiles Limited

GHCL House, Opp. Punjabi Hall,

Navrangpura, Ahmedabad,

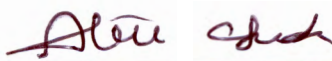
Gujarat – 380 009

Subject: Fairness opinion on the share entitlement ratio recommended by Niranjana Kumar, Registered Valuer- Securities or Financial Assets for the proposed demerger of the 'Spinning Business' of GHCL Limited into GHCL Textiles Limited.

We refer to the engagement letter dated 29 November 2021 and discussions undertaken with the Management of GHCL Limited ("GHCL" or "Demerged Company") and GHCL Textiles Limited ("GHCL Textiles" or "Resulting Company") (hereinafter all of them together referred to as "the Management"), wherein the Management has requested Kunvarji Finstock Private Limited ("Kunvarji" or "We" or "us") to provide a fairness opinion on the share entitlement ratio recommended by Niranjana Kumar, Registered Valuer - Securities or Financial Assets ("Independent Valuer") vide report dated 06 December 2021 ("Valuation Date") in connection with the proposed demerger of 'Spinning Business' of GHCL Limited into GHCL Textiles Limited (together GHCL and GHCL Textiles are referred to as "Transacting Companies") (hereinafter referred to as "Proposed Demerger" or "Proposed Transaction").

Please find enclosed our deliverables in the form of report ("the Report"). This Report sets out the transaction overview, scope of work, background of the companies, sources of information and our opinion on the share entitlement ratio recommended by Independent Valuer for the aforesaid proposed demerger. This Report is subject to the scope, assumptions, exclusions, limitation and disclaimers detailed hereinafter. As such the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

This report has been issued only for the purpose of facilitating the Proposed Transaction and should not be used for any other purpose.

For, Kunvarji Finstock Private Limited**Mr. Atul Chokshi****Director (DIN: 00929553)****Place: Ahmedabad****Kunvarji Finstock Pvt. Ltd.**

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

Phone: +91 79 6666 9000 | Fax : + 91 79 2970 2196 | Email: info@kunvarji.com

CIN - U65910GJ1986PTC008979

000326/2021

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FAIRNESS OPINION**IN THE MATTER OF SCHEME OF ARRANGEMENT IN THE NATURE OF
DEMERGER OF SPINNING BUSINESS OF****GHCL LIMITED (DEMERGED COMPANY)****INTO****GHCL TEXTILES LIMITED (RESULTING COMPANY)****STRICTLY PRIVATE AND CONFIDENTIAL**

Prepared By:

**Kunvarji Finstock Private Limited****(SEBI Category I Merchant Banking Registration Number – INM000012564)**

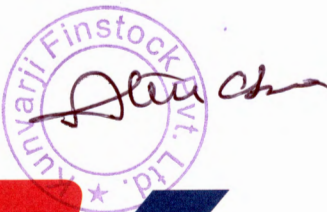
Kunvarji, B-Wing,

Siddhivinayak Towers,

Nr. D.A.V. School, Off. S. G. Road,

Makarba,

Ahmedabad-380051



1. BACKGROUND OF THE COMPANIES**GHCL TEXTILES LIMITED (RESULTING COMPANY)**

GHCL Textiles is a public company incorporated under the provisions of the Companies Act, 2013 on June 17, 2020 bearing Corporate Identification Number U18101GJ2020PLC114004, having Registered Office at GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad Gujarat - 380009, India. GHCL Textiles was incorporated to engage in Textile Business. GHCL Textiles is a wholly owned subsidiary of GHCL Limited.

The equity shareholding pattern of GHCL Textiles as at 30 September 2021 is set out below:

Name of shareholder	Number of equity shares (Face Value of INR 2 each)	Percentage %
GHCL Limited (including its nominee)	50,000	100.0%
Total	50,000	100.0%

GHCL LIMITED (DEMERGED COMPANY)

GHCL is a public company incorporated under the provisions of the Companies Act, 2013 on October 14, 1983 bearing Corporate Identification Number L24100GJ1983PLC006513, having Registered Office at GHCL House, Opp. Punjabi Hall, Navrangpura, Ahmedabad Gujarat - 380009, India. GHCL is engaged in the business of (i) manufacturing and sale of inorganic chemicals (including soda ash i.e. both 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 manufacturing plant situated at Madurai and Manaparai, Tamil Nadu ('Spinning Business'); and (iii) manufacture and sale of home textiles products (including but not limited to weaving, processing, cutting and sewing of home textiles products) from its manufacturing plant situated at Valsad, Gujarat ('Home Textiles Business'). The equity shares of GHCL are listed on both NSE and BSE. GHCL holds 100% equity stake in GHCL Textiles Limited.

The equity shareholding pattern of GHCL as at 30 September 2021 is set out below:

Category of shareholder	Number of equity shares (Face Value of INR 10 each)	Percentage %
Promoter and Promoter Group	1,81,87,810	19.1%
Public	7,71,62,976	80.9%
Total	9,53,50,786	100.0%



2. TRANSACTION OVERVIEW AND SCOPE OF SERVICES**Transaction Overview**

We understand that the Management of the Transacting Companies are contemplating a scheme of arrangement, wherein they intend to demerge the 'Spinning Business' of GHCL into its wholly owned subsidiary i.e. GHCL Textiles in accordance with the provisions of Sections 230 to 232 including section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and in a manner provided in the draft scheme of arrangement (hereinafter referred to as 'the Scheme'). Further, we understand that as a part of the Scheme, the outstanding issued and paid up share capital of GHCL Textiles ('Pre Demerger Equity Share Capital') entirely held by GHCL would be cancelled by way of capital reduction.

As a consideration for the Proposed Demerger, equity shareholders of GHCL would be issued equity shares of GHCL Textiles. The equity shares to be issued for the aforesaid proposed demerger will be based on the share entitlement ratio as determined by the Board of Directors based on the share entitlement ratio report prepared by Independent Valuer appointed by them.

Scope of Services

Pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 or SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended from time to time, we have been requested by the Management to issue a fairness opinion in relation to the share entitlement ratio recommended by Independent Valuer vide report dated 06 December 2021 for the proposed demerger of Spinning Business of GHCL (Demerged Company) into GHCL Textiles (Resulting Company).

In this regard, the Management has appointed Kunvarji Finstock Private Limited ("Kunvarji" or "We" or "us"), SEBI Registered (Category I) Merchant Banker to provide fairness opinion on the share entitlement ratio recommended by an Independent Valuer as at Valuation Date for the Proposed Demerger.

Our scope of work only includes forming an opinion on the fairness of the recommendation of the Valuer on the share entitlement ratio arrived at for the purpose of Scheme and does not involve evaluating or opining on the fairness or economic rationale of the Scheme per se. This report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.



3. SOURCES OF INFORMATION

We have relied on the following information made available to us by the Management of the Transacting Companies for the purpose of this report:

- Signed share entitlement ratio report issued and prepared by Niranjana Kumar, Registered Valuer- Securities or Financial Assets dated 06 December 2021;
- Memorandum and Articles of Association of GHCL Textiles and GHCL;
- Shareholding Pattern of GHCL and GHCL Textiles as at 30 September 2021;
- Draft Scheme of Arrangement between GHCL Textiles and GHCL and their respective shareholders & creditors, under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act 2013;
- Such other information and explanations as required and which have been provided by the Management of the Companies, which were considered relevant for the purpose of Fairness Opinion.

The Management have been provided with the opportunity to review the draft fairness opinion report (excluding our fairness opinion on the share entitlement ratio) as part of our standard practice to make sure that factual inaccuracy/ omissions are avoided.

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Kunvarji Finstock Pvt. Ltd.

Kunvarji, B - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

Phone: +91 79 6666 9000 | Fax : + 91 79 2970 2196 | Email: info@kunvarji.com

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4. LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

The fairness opinion contained herein is not intended to represent fairness opinion at any time other than report date. We have no obligation to update this report.

This Report, its contents and the results herein are specific to (i) the purpose of fairness opinion agreed as per the terms of our engagement; (ii) the Report Date; (iii) the shareholding pattern of Transacting Companies as at 30 September 2021; (iv) proposed capital reduction of all the outstanding issued and paid up share capital of GHCL Textiles; and (v) draft scheme of arrangement.

A fairness opinion of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this report.

The fairness opinion rendered in this Report only represent our opinion based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said opinion shall be considered to be in the nature of non-binding advice. Our fairness opinion should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.

We have not independently audited or otherwise verified the financial information provided to us. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Also, with respect to explanations and information sought from the Management, we have been given to understand by the Management that they have not omitted any relevant and material factors about the Transacting Companies and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the information given by/on behalf of the Transacting Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our fairness opinion.

It is understood that this opinion is solely for the benefit of confidential use by the Board of Directors of the Transferee Company and the Transferor Company for the purpose of facilitating companies to comply with Regulation 37 of the SEBI (Listing Obligations and Disclosure



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Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 or SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020, as amended from time; disclosures to be made to relevant regulatory authorities including stock exchanges, SEBI, National Company Law Tribunal or as required under applicable law and it shall not be valid for any other purpose. This opinion is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Companies will be managed in a competent and responsible manner. Further, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not represented to us by the Management.

The report does not address the relative merits of the proposed demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Transacting Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the proposed scheme of demerger, without our prior written consent.

In addition, this report does not in any manner address the prices at which equity shares of GHCL will trade following announcement of the proposed demerger and we express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the proposed demerger.



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Kunvarji, E1 - Wing, Siddhivinayak Towers, Off. S.G. Road, Makarba, Ahmedabad - 380 051

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5. OUR RECOMMENDATION

As stated in the Share Entitlement Ratio Report prepared by Niranjan Kumar, Registered Valuer- Securities or Financial Assets, they have recommended the following:

"1 (One) equity share of GHCL Textiles of face value of INR 2 each fully paid up shall be issued for every 1 (One) equity share held in GHCL having face value of INR 10 each fully paid up"

The aforesaid demerger shall be pursuant to the draft scheme of arrangement and shall be subject to receipt of approval from the National Company Law Tribunal or such other competent authority as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the demerger are more fully set forth in the draft scheme of arrangement. Kunvarji has issued the fairness opinion with the understanding that draft scheme of arrangement shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final scheme of arrangement alters the Proposed Transaction.

Based on the information, data made available to us, to the best of our knowledge and belief, the Share Entitlement Ratio as recommended by Niranjan Kumar, Registered Valuer- Securities or Financial Assets in relation to the proposed draft scheme of arrangement is fair to the equity shareholders of GHCL in our opinion.

For, Kunvarji Finstock Private Limited



Mr. Atul Chokshi
Director (DIN: 00929553)



Date: 06 December 2021

Place: Ahmedabad

