

gokaldas exports Ltd

GEL/SEC/2015-16

3rd October, 2016

The National Stock Exchange of India Limited
Exchange Plaza,
Bandra - Kurla Complex, Bandra (E),
MUMBAI-400 051

SCRIP CODE: GOKEX

Dear Sir

Sub: Clarification with respect to merger

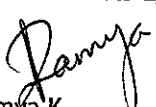
This is with reference to your mail dated 28th September, 2016 where the Company has sought approval for the draft Scheme of Merger and adopted the scheme for merging of its wholly owned subsidiaries (which are not material subsidiary company) with the Holding Company (Gokaldas Exports Ltd) Subject to the requisite approval from the applicable regulators, the Stock Exchange has sought the clarification for the below points:

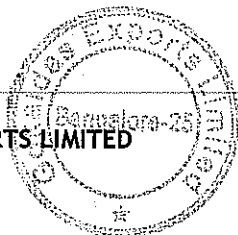
1. Name of the entity (ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;
2. Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length";
3. Area of business of the entity (ies);
4. Rationale for merger;
5. Brief details of change in shareholding pattern (if any) of listed entity.

We hereby enclose the following details for your records

Thanking you,

Yours truly,
for GOKALDAS EXPORTS LIMITED


Ramya K
Company Secretary



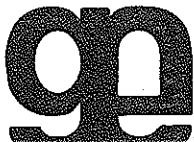
CIN # . L18191KA2004PLC003475

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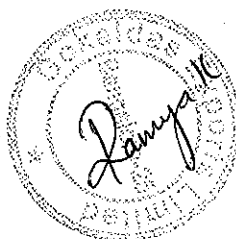
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Details of the Companies forming part of Amalgamation

Name of the Entity	Transferee/ Transferor	Details of Promoters	Paid up Share Capital	Turnover (as on 31.03.2016)
Gokaldas Exports Limited ('GEL')	Transferee Company	BLACKSTONE FP CAPITAL PARTNERS (MAURITIUS) V- B (39.97%)	Rs. 17,46,21,640/- (3,49,24,328 equity shares of Rs. 5/- each)	Rs. 11,22,70,43,087
Deejay Trading Private Limited	Transferor Company	GEL/ Transferee Company (100 %)	Rs. 200,000/- (20,000 equity shares of Rs. 10/- each)	Rs. 19,61,47,187
Seven Hills Clothing Private Limited	Transferor Company	GEL/ Transferee Company (100 %)	Rs. 200,000/- (20,000 equity shares of Rs. 10/- each)	Rs. 71,73,80,832
Glamourwear Apparels Private Limited	Transferor Company	GEL/ Transferee Company (100 %)	Rs. 200,000/- (20,000 equity shares of Rs. 10/- each)	Rs. 13,50,02,818
Madhin Trading Private Limited	Transferor Company	GEL/ Transferee Company (100 %)	Rs. 200,000/- (20,000 equity shares of Rs. 10/- each)	Rs. 18,14,69,456
Magenta Trading Private Limited	Transferor Company	GEL/ Transferee Company (100 %)	Rs. 200,000/- (20,000 equity shares of Rs. 10/- each)	Rs. 28,46,44,409
Rafter Trading Private Limited	Transferor Company	GEL/ Transferee Company (100 %)	Rs. 200,000/- (20,000 equity shares of Rs. 10/- each)	Rs. 23,94,56,685
Rajdin Apparels Private Limited	Transferor Company	GEL/ Transferee Company (100 %)	Rs. 200,000/- (20,000 equity shares of Rs. 10/- each)	Rs. 26,91,90,923
Reflexion Trading Private Limited	Transferor Company	GEL/ Transferee Company (100 %)	Rs. 100,000/- (10,000 equity shares of Rs. 10/- each)	Rs. 16,91,34,710
Rishikesh Apparels Private Limited	Transferor Company	GEL/ Transferee Company (100 %)	Rs. 200,000/- (20,000 equity shares of Rs. 10/- each)	Rs. 31,28,77,284



1. Name of the entity (ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;

9(Nine) Wholly Owned Subsidiaries are proposed to be merged with Gokaldas Exports Ltd. (the Transferee Company). Details of size, turnover of the Subsidiaries are attached.

2. Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length";

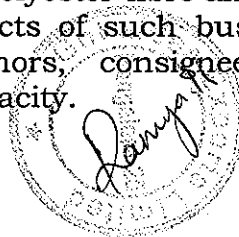
The Scheme of Amalgamation would involve take over of assets, etc, of the Wholly Owned Subsidiaries and since the values are taken at book values, it would be at arm's length. Regulation 23(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 exempts compliance of sub-regulations (2), (3) and (4) of Regulation 23 since the transaction is between a Holding Company and its Wholly Owned Subsidiaries whose accounts are consolidated with the Holding Company(Gokaldas Exports Ltd.- the Transferee Company) and placed before the shareholders at the general meeting for approval.

3. Area of business of the entity (ies);

The business of all the entities (the Transferor Companies) is summarized below:

a. To carry on all or any of the business as manufacturers, traders, exporters, stockists, distributors, consignors, consignees, agents, factors of and/or otherwise deal in yarn of all kinds and description made out of any fibrous material/s (including cotton yarn, silk yarn, jute yarn, synthetic yarn) hosiery, manmade fibres, viscose and viscose blended fibre, readymade garments, made-ups, dhoties, sarees, lungies, bed- sheets, towels, table cloth, curtain cloth, furnishing material, hosiery, mosquito curtains, fishing nets, ropes and/or other textile fabrics of all kinds and description manufactured out of cotton yarn, silk yarn, synthetic yarn, nylon, terene, wool, teri-cotton, terelyne, poly-fibre and/or any other fibrous material.

b. To carry on all or any of the business as spinners, doublers, weavers, engravers, embroiders, bleachers, dyers, printers, mercers, calenders, knitters and/or hosiery in cotton, wool, silk, terylene, nylon, teri- cotton, teri-woolen, linen, nylon, synthetic fibre, polyester-fibre and/or other fibrous materials and/or deal in the end products of such business as traders, agents, stockists, distributors, consignors, consignees, C&F agents, mercantile agents and/or in any other capacity.



4. Rationale for amalgamation/ merger;

Please see the attachment.

5. In case of cash consideration amount or otherwise share entitlement/exchange ratio;

There is no cash consideration and no share exchange involved in the Scheme of Amalgamation. On Amalgamation, all the equity shares of the Transferor Company(ies) held by the Transferee Company shall stand cancelled.

6. Brief details of change in shareholding pattern (if any) of listed entity.:

There shall be no change of shareholding of the Listed entity.



Rationale of the Company

- The Transferee Company and the Transferor Companies are into the business of manufacturing and trading in textiles, leather and other apparel products. With an objective of amalgamating the resources of all the Companies, the Company can achieve effective control, increased efficiency, cost effectiveness and increased customer recognition.
- The merger would consolidate the business operations, undertaking, assets, liabilities etc., of the Transferor Companies into the Transferee Company, under a single centralized system of management which shall result in the management being able to exercise greater control over the operations of the Companies.
- The facilities available with all the Transferor companies could be pooled together and the amalgamated company will be better able to utilise the facilities available as one single unit for the benefit of the Transferee company on a larger scale.
- By the proposed amalgamation, the operational costs will be considerably reduced and the management will be able to operate and run the amalgamated company as a single unit more effectively and economically, reducing expenditure considerably and resulting in better turnover and profits.
- There will be operational synergy in terms of procurement benefits, common license, and reduction of administration work etc., for the Transferee / amalgamated company.
- The amalgamated company will have the benefit of the combined reserves, assets, man-power and cash flows of all the companies. The combined resources of the amalgamated company will enhance its capability to face competition in the market place more effectively.
- With the enhanced capabilities and resources at its disposal, the amalgamated company will have greater flexibility to market and meet consumer needs and compete more effectively.
- A larger growing company will mean enhanced financial and growth prospects for the people and organizations connected with the company and will be in public interest.

