

AUDIT REPORT

Audit Report of Dan River Properties LLC to Auditors of GHCL Limited (Parent Company)

1. We have examined the attached balance sheet of M/s Dan River Properties LLC in United States Dollars as at 31st March 2020, and also the profit & loss account for the year ended as on that date and other reconciliations and information. There is no requirement under the laws of the United States of America for the entity to have its financial statements audited. The said accounts were converted into the reporting currency of GHCL Limited (Parent Company) i.e. INR (all collectively referred to as the Fit for Consolidation (FFC) Accounts. These accounts are the responsibility of the entity's management. Our responsibility is to express an opinion on these FFC accounts based on our audit.
2. We conducted our audit in accordance with auditing, standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether FFC Accounts are free of material misstatement. An audit includes examining on a test check basis, evidence supporting the amounts and disclosures in the FFC Accounts. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall FFC Accounts presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion, these FFC Accounts have been prepared, in all material respects in conformity with accounting policies of GHCL Limited (Parent company), in accordance with 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 and are suitable for inclusion in the consolidated financial statements of GHCL Limited (Parent company) prepared in accordance with the requirements of Indian Accounting Standard (Ind AS) 110 "Consolidated Financial Statements" issued by Institute of Chartered Accountants of India.

For SAS & Co

Chartered Accountants

(Firm's Registration Number: 020025N)

Ankleshwar Nanchahal

Partner

Membership Number: 504908

UDIN: 20504908AAAAAL1464

Place : New Delhi

Date : 18 May 2020

Dan River Properties LLC
Standalone Balance Sheet as at March 31, 2020
(INR in Lakhs)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
I. Assets			
(1) Non-current assets			
(a) Investment Property	3	855.94	855.94
(2) Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	4	15.75	11.81
Total Assets		871.69	867.75
II. Equity and Liabilities			
Equity			
(a) Equity share capital		0.00	0.00
(b) Other equity	5	633.10	598.16
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Other non-current financial liabilities	6	238.59	269.59
Total Equity and Liabilities		871.69	867.75

The accompanying notes are Internal part of the financial statements.

As per report of even date
For SAS & Co
(Firm's Registration Number: 020025N)
Chartered Accountants

per Ankleshwar Nanchahal
Partner
Membership Number: 504908
Place : New Delhi
Date: May 18, 2020

For and on behalf of the Board of Directors

R. S. Jalan Managing Director	Raman Chopra CFO & Executive Director-Finance
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Place : New Delhi
Date: May 18, 2020

Dan River Properties LLC**Standalone Statement of Profit and Loss for the year ended March 31, 2020****(INR in Lakhs)**

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue			
Revenue from Operations	7	116.97	197.41
Total Income		116.97	197.41
Expenses			
Employee benefit expenses	8	31.33	29.70
Finance costs		-	-
Other expenses	9	30.50	28.93
Foreign Exchange Loss/ (Profit) on Conversion into INR		20.20	24.16
Total expenses		82.03	82.79
Profit before exceptional items and tax		34.94	114.62
Exceptional items		-	-
Profit before tax		34.94	114.62
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Profit for the year		34.94	114.62

The accompanying notes are Internal part of the financial statements.

As per report of even date

For SAS & Co

(Firm's Registration Number: 020025N)

Chartered Accountants

per Ankleshwar Nanchahal

Partner

Membership Number: 504908

Place : New Delhi

Date: May 18, 2020

For and on behalf of the Board of Directors

R. S. Jalan
Managing Director

Raman Chopra
CFO & Executive
Director-Finance

Place : New Delhi
Date: May 18, 2020

Dan River Properties LLC
Standalone Statement of Cash Flows for the year ended March 2020
(INR in Lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Operating activities		
Profit before tax	34.94	114.62
Adjustments for:		
Depreciation/amortisation	-	-
Operating profit/(loss) before working capital changes	34.94	114.62
Movement in working capital		
Increase/ (Decrease) in other non current financial liabilities	(31.00)	(121.37)
Cash generated from operations	3.94	(6.75)
Direct taxes paid (net of refunds)	-	-
Net cash generated from operating activities	3.94	(6.75)
Cash flow from investing activities		
Purchase of fixed asset including CWIP and capital advances	-	-
Net cash used in investing activities	-	-
Cash flow from financing activities		
Short term Borrowing	-	-
Interest paid	-	-
Net cash generated from financing activities	-	-
Net (decrease) / increase in cash and cash equivalents	3.94	(6.75)
Cash and cash equivalents at the beginning of the year	11.81	18.56
Cash and cash equivalents at the end of the year	15.75	11.81
Components of cash and cash equivalents		
Cash on hand	-	-
Balances with banks:		
- On current accounts	15.75	11.81
Total cash and cash equivalents (note 4)	15.75	11.81

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 Internal part of the financial statements.

As per report of even date
For SAS & Co
(Firm's Registration Number: 020025N)
Chartered Accountants

per Ankleshwar Nanchahal
Partner
Membership Number: 504908
Place : New Delhi
Date: May 18, 2020

For and on behalf of the Board of Directors

R. S. Jalan
Managing Director

Raman Chopra
CFO & Executive
Director-Finance

Place : New Delhi
Date: May 18, 2020

Dan River Properties LLC
Statement on changes in equity as on March 31, 2020
(INR in Lakhs)

A. Equity Share Capital

Equity Shares of USD 1 each issued, subscribed and fully paid up

	<u>Number</u>	<u>Amount</u>
Balance as at April 1, 2018	0.00	0.00
Changes in share capital during the year	-	-
Balance as at March 31, 2019	<u>0.00</u>	<u>0.00</u>
Changes in share capital during the year	-	-
Balance as at March 31, 2020	<u>0.00</u>	<u>0.00</u>

B. Other Equity

	<u>Retained earnings</u>
Balance as at April 1, 2018	483.54
Profit / (loss) for the year	114.62
Balance as at March 31, 2019	<u>598.16</u>
Profit / (loss) for the year	34.94
Balance as at March 31, 2020	<u>633.10</u>

The accompanying notes are Internal part of the financial statements.

As per report of even date

For SAS & Co

(Firm's Registration Number: 020025N)

Chartered Accountants

per Ankleshwar Nanchahal

Partner

Membership Number: 504908

Place : New Delhi

Date: May 18, 2020

For and on behalf of the Board of Directors

R. S. Jalan
 Managing Director

Raman Chopra
 CFO & Executive
 Director-Finance

Place : New Delhi

Date: May 18, 2020

1 Corporate information

Limited Liability Company "Dan River Properties LLC" (hereinafter, the "Company") was incorporated in USA, situated in Danville, Virginia is involved in renting of immovable properties.

2 Significant accounting policies

2.1 Basis of preparation

The books of account of the company are maintained in US Dollars . The financial statements have been prepared in accordance with the local laws in United States Of America. The same have been translated into Indian Currency and reclassified in accordance with the Schedules III of the Companies Act, 2013 of India for the specific purpose of consolidation with the Indian holding company, GHCL Limited.

2.2 Use of Estimates

The preparation of financial statements is in conformity with the accounting principles generally accepted in the USA. which requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

2.3 Foreign Currency Transactions

The functional currency of the company is US Dollar (USD). Accounts of the body corporate incorporated in USA, have been made out in accordance with the US laws and the same have been translated to INR as per Schedule III of the Companies act, 2013. This requires drawing up the Balance Sheet, Statement of Profit & Loss, and Cash Flows Statement in a manner so as to make it appear confirming to the requirements of Schedule III of the Companies Act, 2013.

2.4 Translation of accounts of the body corporate from the currency of the country of its incorporation (USD) to INR:

Unsecured loans, current assets and current liabilities are translated to INR at the exchange rates ruling at the year end. Equity share capital and other equity has been recognized in the accounts at the exchange rate ruling at the time of their issuance. Income and expenses have been recognized in the accounts on the basis of average of daily closing exchange rates ruling from beginning till the end of the year. The resultant difference is disclosed as exchange gain/loss on INR conversion in the Statement of Profit & Loss.

Dan River Properties LLC
Notes to the Standalone Financial statements as at March 31, 2020
(INR in Lakhs)

3 Investment Property

Total Amount
855.94
-
855.94
-
855.94

Opening Balance at April 1, 2018
Additions
Closing Balance at March 31, 2019
Additions
Closing Balance at March 31, 2020

Depreciation and Impairment

Total Amount
-
-
-
-
-

Opening Balance at April 1, 2018
Depreciation
Closing Balance at March 31, 2019
Depreciation
Closing Balance at March 31, 2020

Net Block

Total Amount
855.94
855.94

As at March 31, 2020
As at March 31, 2019

Dan River Properties LLC
Notes to the Standalone Financial statements as at March 31, 2020
(InR in Lakhs)

	As at March 31, 2020	As at March 31, 2019
4 Cash and cash equivalent		
Balances with bank	15.75	11.81
Cash on hand	-	-
Total cash and cash equivalents	15.75	11.81
5 Retained earnings		Amount
At April 1, 2018		483.54
Changes during the year		114.62
At March 31, 2019		598.16
Changes during the year		34.94
At March 31, 2020		633.10
6 Other non-current financial liabilities		
	As at March 31, 2020	As at March 31, 2019
Holding Company	238.59	269.59
Total other current financial liabilities	238.59	269.59
7 Revenue for operations		
	As at March 31, 2020	As at March 31, 2019
Rental Income	116.97	197.41
Total	116.97	197.41
Note:		
The Company has a Property which has been rented out to a Tenant on a long term basis from which the Company secures monthly Rental Income.		
8 Employee benefit expenses		
	As at March 31, 2020	As at March 31, 2019
Salaries, Wages and Bonus	31.33	29.70
	31.33	29.70
9 Other expenses		
	As at March 31, 2020	As at March 31, 2019
Rate and Taxes paid	29.92	28.72
Bank Charges	0.16	0.22
Rent paid	0.07	-
Travelling Exp	0.35	-
	30.50	28.93

10 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

- a) GHCL Ltd.
- b) Grace Home Fashions LLC

Transactions with Related Party

	As at March 31, 2020	As at March 31, 2019
Other Non-Current Financial Liabilities		
GHCL Ltd.	238.59	269.59
Other Non-Current Financial Liabilities	238.59	269.59

- 11** Accounts of Dan River properties LLC a body corporate (a subsidiary of GHCL Ltd (100% holding, incorporated in India), a company incorporated in USA have been made out as per requirement of Indian Companies Act in due adherences of sub section 3 of section 129 Companies Act, 2013. This entailed drawing up the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement of the subsidiary in a manner so as to make it confirming to the requirements of the Companies Act, 2013, for the purpose of annexing the particulars of the body corporate with its ultimate holding company under section 129 of the Companies Act, 2013.

Modification of accounts predominantly related to:

(a) Translation of treatment of various heads of accounts in terms of the Companies (Accounting Standards) Rules, 2014 read with accounting policy of parent company, the latter being embarked upon to facilitate the cause of consolidation with the holding company as required under IND AS.

(b) Presentation of accounts in terms of Schedule III of the Companies Act, 2013, including disclosure of necessary information as laid down under

- 12** Dues to units registered under Micro, Small and Medium Enterprises in India - Not Applicable

As per report of even date

For SAS & Co

(Firm's Registration Number: 020025N)

Chartered Accountants

per Ankleshwar Nanchahal

Partner

Membership Number: 504908

Place : New Delhi

Date: May 18, 2020

For and on behalf of the Board of Directors

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