

AUDIT REPORT

Audit Report of Grace Home Fashions LLC to Auditors of GHCL Limited (Parent Company)

1. We have examined the attached balance sheet of M/s Grace Home Fashions LLC in United States Dollars as at 31st March 2021, and also the Statement of profit & loss 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 mention here " 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", in conformity with accounting policies of GHCL Limited (Parent company) 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: 21504908AAAAAX3613

Place : Delhi

Date : 27th April 2021

Grace Home Fashions LLC
Standalone Balance Sheet as at March 31, 2021
(INR in crores)

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
I. Assets			
(1) Non-current assets			
(a) Property, plant and equipment	3	0.47	0.48
(b) Other non-current financial assets	7	0.38	0.26
(2) Current assets			
(a) Inventories	4	23.48	67.68
(b) Financial assets			
(i) Trade receivables	5	15.13	9.16
(ii) Cash and cash equivalents	6	2.30	1.98
(c) Other current financial assets	7A	0.25	-
(d) Other current assets	7B	0.32	0.25
Total Assets		42.33	79.82
II. Equity and Liabilities			
Equity			
(a) Equity share capital	10	34.62	34.62
(b) Other equity	11	(50.21)	(51.25)
Liabilities			
(1) Current liabilities			
(a) Financial liabilities			
(i) Trade payables	8A	54.93	94.27
(ii) Other current liabilities	9	2.86	2.15
(b) Short term provisions		0.13	0.02
Total Equity and Liabilities		42.33	79.82

The accompanying notes are Internal part of the financial statements.

For and on behalf of the Board of Directors

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: April 27, 2021

R. S. Jalan
Managing Director

Raman Chopra
CFO & Executive
Director-Finance

Place : New Delhi

Date: April 27, 2021

Grace Home Fashions LLC**Standalone Statement of Profit and Loss for the year ended March 31, 2021**

(INR in crores)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue			
Revenue from Operations	12	105.28	135.58
Total Income		105.28	135.58
Expenses			
Purchase of stock in trade		44.74	86.46
(Increase)/ Decrease in inventories of finished goods	13	44.20	33.61
Employee benefit expenses	14	1.76	2.09
Depreciation and amortization expense	15	0.22	0.70
Finance costs	16	0.97	1.61
Other expenses	17	14.39	23.62
Foreign Exchange Loss/ (Profit) on Conversion into INR		(2.06)	7.70
Total expenses		104.22	155.80
Profit / (loss) before exceptional items and tax		1.06	(20.22)
Exceptional items		-	-
Profit / (loss) before tax		1.06	(20.22)
Tax expense:			
Current tax		0.03	0.01
Deferred tax		-	-
Profit / (loss) for the year		1.04	(20.23)

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

Place : New Delhi

Date: April 27, 2021

For and on behalf of the Board of Directors

R. S. Jalan

Managing Director

Place : New Delhi

Date: April 27, 2021

Raman Chopra

CFO & Executive

Director-Finance

Grace Home Fashions LLC

Standalone Statement of Cash Flows for the year ended March 31, 2021

(INR in crores)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Operating activities		
Profit before tax	1.06	(20.22)
Adjustments for:		
Depreciation/amortisation	0.22	0.70
Finance cost	0.97	1.61
Operating profit/(loss) before working capital changes	2.26	(17.91)
Movement in working capital		
(Increase) /Decrease in trade receivables	(5.96)	14.34
(Increase)/ Decrease in inventories	44.20	33.60
(Increase)/ Decrease in Other current financial assets	(0.25)	(0.14)
(Increase)/ Decrease in other current assets	(0.07)	-
(Increase)/ Decrease in Other non-current financial assets	(0.13)	(0.03)
Increase/ (Decrease) in trade payables	(39.34)	(22.83)
Increase/ (Decrease) in other current liabilities	0.71	(1.22)
Increase/ (Decrease) in short term provisions	0.11	0.02
Cash generated from operations	1.54	5.83
Direct taxes paid (net of refunds)	(0.03)	(0.01)
Net cash generated from operating activities	1.51	5.82
Cash flow from investing activities		
Purchase of fixed asset including CWIP and capital advances	(0.22)	(0.14)
Net cash used in investing activities	(0.22)	(0.14)
Cash flow from financing activities		
Short term Borrowing	-	(9.70)
Interest paid	(0.97)	(1.61)
Net cash generated from financing activities	(0.97)	(11.31)
Net (decrease) / increase in cash and cash equivalents	0.33	(5.64)
Cash and cash equivalents at the beginning of the year	1.98	7.62
Cash and cash equivalents at the end of the year	2.31	1.98
Components of cash and cash equivalents		
Cash on hand	-	-
Balances with banks:		
- On current accounts	2.31	1.98
Total cash and cash equivalents (note 6)	2.31	1.98

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.

For and on behalf of the Board of Directors

As per report of even date

For SAS & Co

(Firm's Registration Number: 020015N)

Chartered Accountants

R. S. Jalan

Managing Director

Raman Chopra
CFO & Executive
Director-Finance

per Ankleshwar Nanchahal

Partner

Membership Number: 504908

Place : New Delhi

Date: April 27, 2021

Place : New Delhi

Date: April 27, 2021

Grace Home Fashions LLC
Statement on changes in equity as on March 31, 2021
(INR in crores)

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, 2019	7,500	34.62
Changes in share capital during the year	-	-
Balance as at March 31, 2020	<u>7,500</u>	<u>34.62</u>
Changes in share capital during the year	-	-
Balance as at March 31, 2021	<u>7,500</u>	<u>34.62</u>

B. Other Equity

	<u>Retained earnings</u>
Balance as at April 1, 2019	31.01
Profit / (loss) for the year	20.23
Balance as at March 31, 2020	<u>51.25</u>
Profit / (loss) for the year	(1.04)
Balance as at March 31, 2021	<u>50.21</u>

The accompanying notes are Internal part of the financial statements.

For and on behalf of the Board of Directors

As per report of even date

For SAS & Co

(Firm's Registration Number: 020025N)

Chartered Accountants

R. S. Jalan
Managing Director

Raman Chopra
CFO & Executive
Director-Finance

per Ankleshwar Nanchahal

Partner

Membership Number: 504908

Place : New Delhi

Date: April 27, 2021

Place : New Delhi

Date: April 27, 2021

1 Corporate information

Limited Liability Company "Grace Home Fashions LLC" (hereinafter, the "Company") was incorporated in 2008, situated in New York is involved in providing comprehensive product that addresses the specialised; challenging needs of today's home furnishing market place. It offer home textile furnishings products like sheets, pillows & duvet covers in 100% cotton & blends. We are currently catering to some of the largest Home Textile Retailers like Bed Bath & Beyond, Babies R US, etc. and other E-Commerce websites.

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

- Revenue Recognition
- EPS

3 Property, Plant and equipment

	Office Equipment	Furniture & fixtures	Total Amount
As at March 31, 2019	0.18	2.93	3.12
Additions	0.02	0.13	0.15
Disposals	-	-	-
As at March 31, 2020	0.20	3.06	3.27
Additions	-	0.22	0.22
Disposals	-	-	-
As at March 31, 2021	0.20	3.28	3.49

Depreciation

	Office Equipment	Furniture & fixtures	Total Amount
As at March 31, 2019	0.13	1.95	2.09
Additions	0.00	0.70	0.70
Disposals	-	-	-
As at March 31, 2020	0.14	2.65	2.78
Additions	0.02	0.20	0.22
Disposals	-	-	-
As at March 31, 2021	0.16	2.85	3.01

Net book value	Office Equipment	Furniture & fixtures	Total Amount
As at March 31, 2021	0.05	0.43	0.47
As at March 31, 2020	0.07	0.41	0.48

Net book value	30-Sep-20	31-Mar-20
Property, plant and equipment	0.47	0.48

Grace Home Fashions LLC
Notes to the Standalone Financial statements as at March 31, 2021
(INR in crores)

	As at March 31, 2021	As at March 31, 2020
4 Inventories		
Finished Goods	23.48	67.68
Total inventories at the lower of cost and net realisable value	23.48	67.68
5 Trade receivables		
Trade receivables	15.13	9.16
Total trade receivables	15.13	9.16
Break-up for security details:		
Trade receivables		
Secured, considered good	-	-
Unsecured, considered good	15.13	9.16
Doubtful	-	-
Current trade receivables	15.13	9.16
No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firm or private companies respectively in which any director is a partner, a director or a member.		
Trade receivables are non-interest bearing and are generally on terms of 45 to 90 days.		
6 Cash and cash equivalent		
Balances with bank	2.31	1.98
Cash on hand	-	-
Total cash and cash equivalents	2.31	1.98
7 Other non-current financial assets		
Security Deposit(Showroom Rent)	0.38	0.26
Total other current assets	0.38	0.26
7A Other current financial assets		
Security Deposit(Showroom Rent)	0.25	-
Total other current assets	0.25	-
7B Other current assets		
Advance tax	0.07	0.07
Advance to vendors	0.16	-
Prepaid expenses	0.09	0.18
Total other current assets	0.32	0.25
8 Trade payables		
Trade Payables - GHCL	53.82	94.27
Trade Payables - Others	1.11	-
Total other current assets	54.93	94.27
Dues to units registered under Micro, Small and Medium Enterprises in India - Not Applicable		
9 Other current liabilities		
Others	2.86	2.15
Total other current liabilities	2.86	2.15

10 Share capital**Authorised Share Capital**

	Number of Shares	Amount
At April 1, 2019	10,000	0.06
Changes during the year	-	-
At March 31, 2020	10,000	0.06
Changes during the year	-	-
At March 31, 2021	10,000	0.06

Terms / rights attached to equity shares

The Company has one class of equity shares having a par value of USD 1 per share.

Issue Equity Capital

	Number of Shares	Amount
Equity shares of USD 1 each issued, subscribed and fully paid		
At April 1, 2019	7,500	34.62
Changes during the year	-	-
At March 31, 2020	7,500	34.62
Changes during the year	-	-
At March 31, 2021	7,500	34.62

	As at March 31, 2021	As at March 31, 2020	As at March 31, 2018
Shareholder's holding more than 5 % Shares			
GHCL Limited	100%	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 of five years immediately preceding the reporting date.

11 Other equity

	Amount
Retained earnings	
At April 1, 2019	31.01
Changes during the year	20.24
At March 31, 2020	51.25
Changes during the year	(1.04)
At March 31, 2021	50.21

12 Revenue for operations

	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products		
Sale of goods	105.28	135.58
Total	105.28	135.58

13 (Increase)/ Decrease Changes in inventories of finished goods

	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock		
Finished Goods	67.68	101.29
	67.68	101.29
Closing stock		
Finished Goods	23.48	67.68
	23.48	67.68
Changes in inventories of finished goods	44.20	33.61

14 Employee benefit expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	1.76	2.09
	1.76	2.09

15 Depreciation and amortization expense

	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of tangible assets	0.22	0.70
	0.22	0.70

16 Finance costs

	For the year ended March 31, 2021	For the year ended March 31, 2020
Factoring cost	0.97	1.61
	0.97	1.61

17 Other expenses

	For the year ended March 31, 2021	For the year ended March 31, 2020
Freight and Forwarding	(0.08)	-
Miscellaneous expenses	2.51	5.20
Communication expenses	0.39	0.41
Rent and Lease Rent	0.20	1.34
Rent on Godowns & Shipment Cost	4.33	3.36
Commission On Sales	2.77	3.17
Advertisement expences	1.54	5.18
Travelling and conveyance	-	0.09
Insurance	0.15	0.60
Legal and professional expenses	2.21	3.88
Software & EDI Expenses	0.42	0.38
Sundry balance written back	(0.05)	-
Withholding tax & other taxes	0.00	-
	14.39	23.62

(INR in crores)

17 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

- a) GHCL Ltd.
- b) Dan River Properties LLC

Transactions with Related Party

	<u>As at March 31, 2021</u>	<u>As at March 31, 2020</u>
Trade Payables		
GHCL Ltd.	53.82	94.27
Purchase of Goods		
GHCL Ltd.	44.74	86.46
Investment		
GHCL Ltd.	34.62	34.62
Total other current assets	<u>133.18</u>	<u>215.35</u>

As per report of even date**For SAS & Co**

(Firm's Registration Number: 020025N)

Chartered Accountants

For and on behalf of the Board of Directors**per Ankleshwar Nanchahal**

Partner

Membership Number: 504908

Place : New Delhi

Date: April 27, 2021

R. S. Jalan
Managing DirectorRaman Chopra
CFO & Executive
Director-Finance

Place : New Delhi

Date: April 27, 2021