

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 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 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 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:
 - 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

ANNEXURE 1 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.

(e) 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)(e) 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.

(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.

(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: 22086370AIEMUQ2530
Place of Signature: New Delhi
Date: April 30, 2022

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 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: 22086370AIEMUQ2530

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			
(1) 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

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

R. S. Jalan

(Director)

DIN: 00121260

per Atul Seksaria

Partner

Membership Number: 086370

Place : New Delhi

Date : April 30, 2022

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. Battiboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

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

R. S. Jalan
(Director)
DIN: 00121260

per Atul Seksaria
Partner
Membership Number: 086370
Place : New Delhi
Date : April 30, 2022

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

(Amount in Rs.)

Particulars	Reserves and surplus	Total Other equity
	Retained earnings (refer note 4)	
Balance as at April 1, 2020	-	
Profit / (loss) for the year	(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

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

R. S. Jalan

(Director)

DIN: 00121260

per Atul Seksaria

Partner

Membership Number: 086370

Place : New Delhi

Date : April 30, 2022

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	(A mount 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 3)	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

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
Notes to Financial Statements For the year ended March 31, 2022

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 100% subsidiary of GHCL Limited (Holding Company). The Company was incorporated on September 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. GHCL Limited, Holding Company is in process of filing the 1st motion petition along with requisite documents with the Ahmedabad jurisdiction of NCLT. (Refer Note 9)

Since the scheme of demerger is in process of approvals therefore the Textile Business is not yet transferred to the Company and there is no commercial operations in GHCL Textiles Limited.

Information on related party relationships of the Company is provided in Note 11.

The financial statements are approved for issue in accordance with a resolution of the Board of Directors on April 30, 2022.

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 (Rs.) 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.

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 amortised 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.

e) 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 parent company (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

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	As at
	March 31, 2022	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	-	100%

3.3 Details of shareholders holding more than 5% shares in the company

Particulars	As at	As at
	March 31, 2022	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	As at
	March 31, 2022	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
	<u>51,849</u>	<u>51,849</u>
	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	-
	<u>21,800</u>	<u>10,000</u>
	For the year ended March 31, 2022	For the period June 17, 2020 to March 31, 2021
7 Other expenses		
Legal and professional expenses	11,800	58,151
	<u>11,800</u>	<u>58,151</u>
Note:		
Payment to auditor (excluding GST)		
Audit fee	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

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)	<u>(0.24)</u>	<u>(1.16)</u>

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%	
(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		

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

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

(Amount in Rs.)

Transactions during the year	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

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

R. S. Jalan
(Director)
DIN: 00121260

per Atul Seksaria
Partner
Membership Number: 086370
Place : New Delhi
Date : April 30, 2022

Raman Chopra
(Director)
DIN: 00954190
Place : New Delhi
Date : April 30, 2022