

## **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 29<sup>th</sup> April 2022, 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**

**(ICAI Firm's Registration Number: 020025N)**

**Ankleshwar Nanchahal**

**Partner**

**Membership Number: 504908**

**UDIN: 22504908AIFIGZ4610**

**Place : Delhi**

**Date : 29<sup>th</sup> April 2022**

Grace Home Fashions LLC  
 Standalone Balance Sheet as at MAR 31, 2022  
 (INR in crores)

| Particulars                            | Note No. | As at MAR 31,<br>2022 | As at March 31,<br>2021 |
|--|----------|-----------------------|-------------------------|
| <b>I. Assets</b>                       |          |                       |                         |
| <b>(1) Non-current assets</b>          |          |                       |                         |
| (a) Property, plant and equipment      | 3        | -                     | 0.47                    |
| (b) Right-of-use assets                | 18       | 5.55                  | -                       |
| (c) Other non-current financial assets | 7        | 0.40                  | 0.38                    |
| <b>(2) Current assets</b>              |          |                       |                         |
| (a) Inventories                        | 4        | 21.90                 | 23.48                   |
| <b>(b) Financial assets</b>            |          |                       |                         |
| (i) Trade receivables                  | 5        | 8.69                  | 15.13                   |
| (ii) Cash and cash equivalents         | 6        | 13.27                 | 2.30                    |
| (c) Other current financial assets     | 7A       | -                     | 0.25                    |
| (d) Other current assets               | 7B       | 0.30                  | 0.32                    |
| <b>Total Assets</b>                    |          | <b>50.11</b>          | <b>42.33</b>            |
| <b>II. Equity and Liabilities</b>      |          |                       |                         |
| <b>Equity</b>                          |          |                       |                         |
| (a) Equity share capital               | 10       | 34.62                 | 34.62                   |
| (b) Other equity                       | 11       | (46.17)               | (50.21)                 |
| <b>Liabilities</b>                     |          |                       |                         |
| <b>(1) Non-current liabilities</b>     |          |                       |                         |
| <b>(a) Financial liabilities</b>       |          |                       |                         |
| (i) Lease liabilities                  |          | 4.91                  | -                       |
| <b>(1) Current liabilities</b>         |          |                       |                         |
| <b>(a) Financial liabilities</b>       |          |                       |                         |
| (i) Lease liabilities                  | 18       | 1.10                  | -                       |
| (ii) Trade payables                    | 8A       | 53.95                 | 54.90                   |
| (iii) Other current liabilities        | 9        | 1.26                  | 2.78                    |
| (b) Short term provisions              |          | 0.44                  | 0.25                    |
| <b>Total Equity and Liabilities</b>    |          | <b>50.11</b>          | <b>42.33</b>            |

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 29, 2022

R. S. Jalan  
 Managing Director

Raman Chopra  
 CFO & Executive  
 Director-Finance

Place : New Delhi

Date: April 29, 2022

Grace Home Fashions LLC  
 Standalone Statement of Profit and Loss for the period ended MAR 31, 2022  
 (INR in crores)

| Particulars   | Note No. | For the Period ended<br>MAR 31, 2022 | For the year ended<br>March 31, 2021 |
|---|----------|--------------------------------------|--------------------------------------|
| <b>Revenue</b>  |          |                                      |                                      |
| Revenue from Operations                                 | 12       | 76.90                                | 105.28                               |
| <b>Total Income</b>                                     |          | <b>76.90</b>                         | <b>105.28</b>                        |
| <b>Expenses</b>   |          |                                      |                                      |
| Purchase of stock in trade                              |          | 58.90                                | 44.74                                |
| (Increase)/ Decrease in inventories of finished goods   | 13       | 1.58                                 | 44.20                                |
| Employee benefit expenses                               | 14       | -                                    | 1.76                                 |
| Depreciation and amortization expense                   | 15       | 1.33                                 | 0.22                                 |
| Finance costs   | 16       | 0.27                                 | 0.97                                 |
| Other expenses  | 17       | 9.15                                 | 14.42                                |
| Foreign Exchange Loss/ ( Profit) on Conversion into INR |          | 1.62                                 | (2.06)                               |
| <b>Total expenses</b>                                   |          | <b>72.84</b>                         | <b>104.25</b>                        |
| <b>Profit / (loss) before exceptional items and tax</b> |          | <b>4.06</b>                          | <b>1.04</b>                          |
| Exceptional items                                       |          | -                                    | -                                    |
| <b>Profit / (loss) before tax</b>                       |          | <b>4.06</b>                          | <b>1.04</b>                          |
| <b>Tax expense:</b>                                     |          |                                      |                                      |
| Current tax   |          | 0.02                                 | 0.03                                 |
| Deferred tax  |          | -                                    | -                                    |
| <b>Profit / (loss) for the year</b>                     |          | <b>4.04</b>                          | <b>1.01</b>                          |

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 29, 2022

For and on behalf of the Board of Directors

R. S. Jalan

Managing Director

Place : New Delhi

Date: April 29, 2022

Raman Chopra

CFO & Executive

Director-Finance

Grace Home Fashions LLC  
Statement on changes in equity as on MAR 31, 2022  
(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> |
|--|---------------|---------------|
| <b>Balance as at April 1, 2020</b>       | 7,500         | 34.62         |
| Changes in share capital during the year | -             | -             |
| <b>Balance as at March 31, 2021</b>      | <u>7,500</u>  | <u>34.62</u>  |
| Changes in share capital during the year | -             | -             |
| <b>Balance as at MAR 31, 2022</b>        | <u>7,500</u>  | <u>34.62</u>  |

**B. Other Equity**

|                                     | <u>Retained earnings</u> |
|-------------------------------------|--------------------------|
| <b>Balance as at April 1, 2020</b>  | 51.25                    |
| Profit / (loss) for the year        | (1.01)                   |
| <b>Balance as at March 31, 2021</b> | <u>50.24</u>             |
| Profit / (loss) for the year        | (4.04)                   |
| <b>Balance as at MAR 31, 2022</b>   | <u>46.20</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 29, 2022

Place : New Delhi

Date: April 29, 2022

## **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

|                             | <b>Office<br/>Equipment</b> | <b>Furniture &amp;<br/>fixtures</b> | <b>Total<br/>Amount</b> |
|-----------------------------|-----------------------------|-------------------------------------|-------------------------|
| <b>As at March 31, 2020</b> | 0.20                        | 3.06                                | 3.27                    |
| Additions                   | -                           | 0.22                                | 0.22                    |
| Disposals                   | -                           | -                                   | -                       |
| <b>As at March 31, 2021</b> | <b>0.20</b>                 | <b>3.27</b>                         | <b>3.49</b>             |
| Additions                   | -                           | -                                   | -                       |
| Disposals                   | -                           | -                                   | -                       |
| <b>As at MAR 31, 2022</b>   | <b>0.20</b>                 | <b>3.27</b>                         | <b>3.49</b>             |

## Depreciation

|  | <b>Office<br/>Equipment</b> | <b>Furniture &amp;<br/>fixtures</b> | <b>Total<br/>Amount</b> |
|--|-----------------------------|-------------------------------------|-------------------------|
| <b>As at March 31, 2020</b>              | 0.14                        | 2.65                                | 2.78                    |
| Additions                                | 0.02                        | 0.20                                | 0.22                    |
| Disposals                                | -                           | -                                   | -                       |
| <b>As at March 31, 2021</b>              | <b>0.16</b>                 | <b>2.85</b>                         | <b>3.01</b>             |
| Additions                                | -                           | 0.18                                | 0.18                    |
| Disposals(Exchange Fluctuation reversal) | 0.05                        | 0.24                                | 0.29                    |
| <b>As at MAR 31, 2022</b>                | <b>0.20</b>                 | <b>3.27</b>                         | <b>3.48</b>             |

## Net book value

|                             | <b>Office<br/>Equipment</b> | <b>Furniture &amp;<br/>fixtures</b> | <b>Total<br/>Amount</b> |
|-----------------------------|-----------------------------|-------------------------------------|-------------------------|
| <b>As at MAR 31, 2022</b>   | -                           | -                                   | -                       |
| <b>As at March 31, 2021</b> | 0.05                        | 0.42                                | 0.47                    |

| Net book value                | 31-Mar-22 | 31-Mar-21 |
|-------------------------------|-----------|-----------|
| Property, plant and equipment | -         | 0.47      |

Grace Home Fashions LLC  
Notes to the Standalone Financial statements as at MAR 31, 2022  
(INR in crores)

|  | As at MAR 31,<br>2022 | As at March 31,<br>2021 |
|--|-----------------------|-------------------------|
| <b>4 Inventories</b>   |                       |                         |
| Finished Goods   | 21.90                 | 23.48                   |
| <b>Total inventories at the lower of cost and net realisable value</b> | <b>21.90</b>          | <b>23.48</b>            |

|                                | As at MAR 31,<br>2022 | As at March 31,<br>2021 |
|--------------------------------|-----------------------|-------------------------|
| <b>5 Trade receivables</b>     |                       |                         |
| Trade receivables              | 8.69                  | 15.13                   |
| <b>Total trade receivables</b> | <b>8.69</b>           | <b>15.13</b>            |

**Break-up for security details:**

**Trade receivables**

|                                  |             |              |
|----------------------------------|-------------|--------------|
| Secured, considered good         | -           | -            |
| Unsecured, considered good       | 8.69        | 15.13        |
| Doubtful                         | -           | -            |
| <b>Current trade receivables</b> | <b>8.69</b> | <b>15.13</b> |

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.

|  | As at MAR 31,<br>2022 | As at March 31,<br>2021 |
|--|-----------------------|-------------------------|
| <b>6 Cash and cash equivalent</b>      |                       |                         |
| Balances with bank                     | 13.27                 | 2.30                    |
| Cash on hand                           | -                     | -                       |
| <b>Total cash and cash equivalents</b> | <b>13.27</b>          | <b>2.30</b>             |

|   | As at MAR 31,<br>2022 | As at March 31,<br>2021 |
|---|-----------------------|-------------------------|
| <b>7 Other non-current financial assets</b> |                       |                         |
| Security Deposit( Showroom Rent)            | 0.40                  | 0.38                    |
| <b>Total other current assets</b>           | <b>0.40</b>           | <b>0.38</b>             |

|  | As at MAR 31,<br>2022 | As at March 31,<br>2021 |
|--|-----------------------|-------------------------|
| <b>7A Other current financial assets</b> |                       |                         |
| Security Deposit( Showroom Rent)         | -                     | 0.25                    |
| <b>Total other current assets</b>        | <b>-</b>              | <b>0.25</b>             |

|                                   | As at MAR 31,<br>2022 | As at March 31,<br>2021 |
|-----------------------------------|-----------------------|-------------------------|
| <b>7B Other current assets</b>    |                       |                         |
| Advance tax                       | -                     | 0.07                    |
| Advance to vendors                | 0.23                  | 0.16                    |
| Prepaid expenses                  | 0.06                  | 0.09                    |
| <b>Total other current assets</b> | <b>0.30</b>           | <b>0.32</b>             |

|                             | As at MAR 31,<br>2022 | As at March 31,<br>2021 |
|-----------------------------|-----------------------|-------------------------|
| <b>8 Trade payables</b>     |                       |                         |
| Trade Payables - GHCL       | 52.90                 | 53.82                   |
| Trade Payables - Others     | 1.04                  | 1.08                    |
| <b>Total Trade Payables</b> | <b>53.95</b>          | <b>54.90</b>            |

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

|  | As at MAR 31,<br>2022 | As at March 31,<br>2021 |
|--|-----------------------|-------------------------|
| <b>9 Other current liabilities</b>     |                       |                         |
| Advance from customers                 | -                     | -                       |
| Others                                 | 1.26                  | 2.78                    |
| <b>Total other current liabilities</b> | <b>1.26</b>           | <b>2.78</b>             |

**GRACE HOME FASHIONS LLC**

Notes to the Standalone Financial statements as at MAR 31, 2022

(INR in crores)

**10 Share capital**

**Authorised Share Capital**

|                          | <b>Number of Shares</b> | <b>Amount</b> |
|--------------------------|-------------------------|---------------|
| <b>At April 1, 2020</b>  | 10,000                  | 0.05          |
| Changes during the year  | -                       | -             |
| <b>At March 31, 2021</b> | <b>10,000</b>           | <b>0.05</b>   |
| Changes during the year  | -                       | -             |
| <b>At MAR 31, 2022</b>   | <b>10,000</b>           | <b>0.05</b>   |

**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**

|  | <b>Number of Shares</b> | <b>Amount</b> |
|--|-------------------------|---------------|
| <b>Equity shares of USD 1 each issued, subscribed and fully paid</b> |                         |               |
| <b>At April 1, 2020</b>  | 7,500                   | 34.62         |
| Changes during the year  | -                       | -             |
| <b>At March 31, 2021</b>   | <b>7,500</b>            | <b>34.62</b>  |
| Changes during the year  | -                       | -             |
| <b>At MAR 31, 2022</b>   | <b>7,500</b>            | <b>34.62</b>  |

|   | <b>As at MAR 31, 2022</b> | <b>As at March 31, 2021</b> | <b>As at March 31, 2018</b> |
|---|---------------------------|-----------------------------|-----------------------------|
| <b>Shareholder's holding more than 5 % Shares</b> |                           |                             |                             |
| 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**

|                          | <b>Amount</b> |
|--------------------------|---------------|
| <b>Retained earnings</b> |               |
| <b>At April 1, 2020</b>  | 51.25         |
| Changes during the year  | (1.04)        |
| <b>At March 31, 2021</b> | <b>50.21</b>  |
| Changes during the year  | (4.04)        |
| <b>At MAR 31, 2022</b>   | <b>46.17</b>  |



**12 Revenue for operations**

|                         | For the Period ended<br>MAR 31, 2022 | For the year ended<br>March 31, 2021 |
|-------------------------|--------------------------------------|--------------------------------------|
| <b>Sale of products</b> |                                      |                                      |
| Sale of goods           | 76.90                                | 105.28                               |
| <b>Total</b>            | <b>76.90</b>                         | <b>105.28</b>                        |

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

|   | For the Period ended<br>MAR 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| <b>Opening stock</b>                            |                                      |                                      |
| Finished Goods                                  | 23.48                                | 67.68                                |
|   | <b>23.48</b>                         | <b>67.68</b>                         |
| <b>Closing stock</b>                            |                                      |                                      |
| Finished Goods                                  | 21.90                                | 23.48                                |
|   | <b>21.90</b>                         | <b>23.48</b>                         |
| <b>Changes in inventories of finished goods</b> | <b>1.58</b>                          | <b>44.20</b>                         |

**14 Employee benefit expenses**

|                           | For the Period ended<br>MAR 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------|--------------------------------------|--------------------------------------|
| Salaries, wages and bonus | -                                    | 1.76                                 |
|                           | <b>-</b>                             | <b>1.76</b>                          |

**15 Depreciation and amortization expense**

|   | For the Period ended<br>MAR 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Depreciation of tangible assets                     | 0.18                                 | 0.22                                 |
| Depreciation of Right-of-use assets (Refer Note 18) | 1.15                                 | -                                    |
|   | <b>1.33</b>                          | <b>0.22</b>                          |

**16 Finance costs**

|   | For the Period ended<br>MAR 31, 2022 | For the year ended<br>March 31, 2021 |
|---|--------------------------------------|--------------------------------------|
| Factoring cost                                | 0.00                                 | 0.97                                 |
| Interest on lease liabilities (Refer note 18) | 0.27                                 | -                                    |
|   | <b>0.27</b>                          | <b>0.97</b>                          |

**17 Other expenses**

|                                 | For the Period ended<br>MAR 31, 2022 | For the year ended<br>March 31, 2021 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Freight and Forwarding          | 0.01                                 | (0.08)                               |
| Miscellaneous expenses          | 2.60                                 | 2.51                                 |
| Communication expenses          | 0.12                                 | 0.39                                 |
| Rent and Lease Rent             | (0.07)                               | 0.20                                 |
| Rent on Godowns & Shipment Cost | 2.60                                 | 4.33                                 |
| Commission On Sales             | 1.16                                 | 2.77                                 |
| Advertisement expenses          | -                                    | 1.54                                 |
| Travelling and conveyance       | 0.00                                 | -                                    |
| Insurance                       | 0.31                                 | 0.15                                 |
| Legal and professional expenses | 2.12                                 | 2.21                                 |
| Software & EDI Expenses         | 0.28                                 | 0.42                                 |
| Sundry balance written back     | -                                    | (0.05)                               |
| Withholding tax & other taxes   | 0.01                                 | -                                    |
|                                 | <b>9.15</b>                          | <b>14.39</b>                         |

**Grace Home Fashions LLC****Notes to the Standalone Financial statements as at MAR 31, 2022****(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

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

**Transactions with Related Party**

|                                   | <b>As at MAR 31, 2022</b> | <b>As at March 31, 2021</b> |
|-----------------------------------|---------------------------|-----------------------------|
| <b>Trade Payables</b>             |                           |                             |
| GHCL Ltd.                         | 52.90                     | 53.82                       |
| <b>Purchase of Goods</b>          |                           |                             |
| GHCL Ltd.                         | 58.90                     | 44.74                       |
| <b>Investment</b>                 |                           |                             |
| GHCL Ltd.                         | 34.62                     | 34.62                       |
| <b>Total other current assets</b> | <b>146.43</b>             | <b>133.17</b>               |

**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 29, 2022

R. S. Jalan  
Managing DirectorRaman Chopra  
CFO & Executive  
Director-FinancePlace : New Delhi  
Date: April 29, 2022