

August 17, 2023

श्रावण - शुक्ल पक्ष, प्रतिपदा
विक्रम संवत्, २०८०

National Stock Exchange of India Limited
"Exchange Plaza"
Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051
NSE Code: GHCLTEXTIL

BSE Limited
Corporate Relationship Department,
1st Floor, New Trading Ring, Rotunda Building, P.J.
Towers,
Dalal Street, Fort, Mumbai – 400 001
BSE Code: 543918

Dear Sir/Madam,

Sub: Filing of 3rd Annual Report of the Company for the financial year 2022-23 along with Notice to Shareholders for Annual General Meeting

We would like to inform that 3rd Annual General Meeting of the Company, is scheduled to be held on **Saturday, September 9, 2023 (शनिवार, भाद्रपद , कृष्ण पक्ष, दशमी, विक्रम संवत् २०८०) at 2.30 p.m. (IST)** through Video Conferencing (VC) or Other Audio Visual Means (OAVM), as per the framework issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14 of 2020 dated April 08, 2020, Circular No. 17 of 2020 dated April 13, 2020, Circular No. 20 of 2020 dated May 05, 2020, and General Circular No. 10/2022 dated December 28, 2022 and SEBI Circular dated 12th May, 2020, and January 5, 2023 (collectively referred to as "Circulars").

We would further like to inform that pursuant to requirement of Regulation 34 read with 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and any other applicable provisions if any, please find enclosed herewith 3rd Annual Report of the Company for the financial year 2022-23, which includes Notice, Board's Report along with report on Corporate Governance, MDA, Audited Financial Statements and Auditors Reports thereon. The dispatch of notice of the 3rd AGM through emails has been completed on August 17, 2023. Copy of dispatched proof is attached herewith for your reference & record.

Please note that copy of this intimation is also available on the website of BSE Limited (www.bseindia.com/corporates), National Stock Exchange of India Limited (www.nseindia.com/corporates) and website of the Company (www.ghcltextiles.co.in).

You are requested to kindly take note of the same.

Thanking you

Yours faithfully

Yours faithfully

For GHCL Textiles Limited



Lalit Narayan Dwivedi
Company Secretary



GHCL Textiles Limited (Formerly Sree Meenakshi Mills)

GHCL House, B- 38, Institutional Area, Sector- 1, Noida- 201301 (U.P.), India. Ph. : +91 - 120 - 2535335, 4939900, Fax : 91- 120- 2535209
CIN : U18101GJ2020PLC114004, E-mail : info@ghcltextiles.co.in, Website : www.ghcltextiles.co.in



GHCL TEXTILES LIMITED

3rd
Annual Report
2022- 2023



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Date and Time of AGM: Saturday, September 9, 2023

DETAILS OF REMOTE E-VOTING

Start date and time: Wednesday, September 6, 2023 at 09:00 AM

End date and time: Friday, September 8, 2023 at 05:00 PM

Company Information

Board of Directors

Mrs. Vijaylaxmi Joshi, Retd. IAS
Independent Director

Dr. Manoj Vaish
Independent Director

Mr. Arun Kumar Jain, Retd. IRS
Independent Director

Mr. R S Jalan
Non-Executive Director

Mr. Raman Chopra
Non-Executive Director

Mr. Neelabh Dalmia
Non-Executive Director

Key Managerial Personnel

Mr. R Balakrishnan
CEO

Mr. Gaurav V.
CFO

Mr. Lalit Narayan Dwivedi
Company Secretary

Registered Office

“GHCL House”
Opp. Punjabi Hall, Navrangpura
Ahmedabad -380009 (Gujarat)

Corporate Office

“GHCL House”
B-38, Institutional Area
Sector-1, Noida-201301(U.P.)
Email: secretarial@ghcltextiles.co.in
info@ghcltextiles.co.in
Website: www.ghcltextiles.co.in
Company Identification No.
CIN: U18101GJ2020PLC114004

Statutory Auditors

S.R.Batliboi & Co., LLP
Chartered Accountants, Gurugram

Secretarial Auditor

Mr. S Chandrasekaran
M/s. Chandrasekaran Associates
Company Secretaries, New Delhi

Plant Location

Madurai unit
Paravai, Samayanallur P.O,
Distt. Madurai,
Tamil Nadu – 625402

Manaparai Unit

Thiagesar Alai P.O, Manaparai,
Distt. Trichy,
Tamil Nadu - 621312

Bankers / Financial Institutions

State Bank of India
Export Import Bank of India
HDFC Bank
IDBI Bank
Union Bank of India
Bank of Baroda
ICICI Bank
CTBC Bank

Details of Registrar and Share Transfer Agent

Link Intime India Private Limited,
C101, 247 Park, L. B. S. Marg,
Vikhroli (West), Mumbai 400083.
Tel No: +91 22 49186270 Fax: +912249186060
Email : rnt.helpdesk@linkintime.co.in

GHCL Textiles Limited

(CIN: U18101GJ2020PLC114004)

Registered Office: GHCL House, Opp. Punjabi Hall,
Navrangpura, Ahmedabad – 380009 (Gujarat)

Email: info@ghcltextiles.co.in, secretarial@ghcltextiles.co.in

Website: www.ghcltextiles.co.in

Phone: 079- 26434100

Notice of 3rd Annual General Meeting

Dear Member,

NOTICE is hereby given that 3rd Annual General Meeting of the members of GHCL Textiles Limited (CIN: U18101G-J2020PLC114004) will be held on **Saturday, September 9, 2023** (शनिवार, भाद्रपद कृष्ण पक्ष- दशमी, विक्रम संवत् २०८०) **at 02.30 P.M.** through Video Conferencing (VC) or Other Audio Visual Means (OAVM),) to transact the following businesses:

ORDINARY BUSINESSES:

Item no. 1: Adoption of audited financial statements of the Company for the financial year ended March 31, 2023, and the reports of the Board of Directors and Auditors thereon.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT the audited financial statements of the Company for the financial year ended March 31, 2023 along with Board’s Report, Independent Auditors’ Report thereon, Corporate Governance Report, Secretarial Auditor’s Report and other annexure and attachment therewith, as circulated to the members with the notice of the 3rd Annual General Meeting, be and are hereby received, considered, approved and adopted.”

Item no. 2: Re-appointment of Mr. Raman Chopra (DIN: 00954190) as a Director of the Company, liable to retire by rotation.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Raman Chopra (DIN: 00954190) who retires by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as Director of the Company liable to retire by rotation.”

SPECIAL BUSINESS:

Item No. 3 – To appoint Dr. Manoj Vaish (DIN: 00157082), as an Independent Director of the Company for a period of two years.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013, and Regulation 16(1)(b), 17 and 25 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and other applicable provisions, if any (including any statutory modification or re-enactment thereof for the time being in force) and approval given by Board of Directors of the Company, Dr. Manoj Vaish (DIN: 00157082) who was appointed as *Additional Director* in category of Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of two consecutive years with effect from March 06, 2023 up to March 05, 2025.”



“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may deem necessary, expedient, or desirable to give effect to this resolution.”

Item No. 4 – To appoint Mrs. Vijaylaxmi Joshi, Ex-IAS (DIN: 00032055), as an Independent Director of the Company for a period of two years.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013, and Regulation 16(1)(b), 17 and 25 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and other applicable provisions, if any (including any statutory modification or re-enactment thereof for the time being in force) and approval given by Board of Directors of the Company, Mrs. Vijaylaxmi Joshi (DIN: 00032055) who was appointed as Additional Director in category of Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of two consecutive years with effect from March 06, 2023 up to March 05, 2025.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may deem necessary, expedient or desirable to give effect to this resolution.”

Item No. 5 – To appoint Mr. Arun Kumar Jain, Ex-IRS (DIN: 07563704), as an Independent Director of the Company for a period of two years.

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152, of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Companies Act, 2013, and Regulation 16(1)(b), 17 and 25 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and other applicable provisions, if any (including any statutory modification or re-enactment thereof for the time being in force) and approval given by Board of Directors of the Company, Mr. Arun Kumar Jain (DIN: 07563704) who was appointed as Additional Director in category of Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of two consecutive years with effect from March 06, 2023 upto March 05, 2025.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as it may deem necessary, expedient or desirable to give effect to this resolution.”

Item No. 6 – To consider and approve the payment of remuneration by way of commission to the Non-Executive Directors (including Independent Directors) of the Company

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 197, 198 and all other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions, if any, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and in accordance with provision of the Articles of Association of the Company and based on the recommendation of the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded to pay remuneration by way of commission or otherwise to the Non-Executive Directors including Independent Directors of the Company for a period of five years (i.e from financial year 2023-24 to 2027-28), a sum not exceeding one percent per annum of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof, in addition to the sitting fee and reimbursement of expenses for attending the meetings of the

Board of Directors or Committees thereof, as the Board of Directors (which term shall be deemed to include any duly authorised committee thereof for the time being exercising the powers conferred on the Board of Directors by this Resolution), may from time to time determine.”

“RESOLVED FURTHER THAT said remuneration / commission be paid to and distributed amongst the Non-Executive Directors including Independent Directors of the Company or some or any of them in such amounts or proportions and such manner as may be decided by the Board of Directors based on the recommendation of the Nomination & Remuneration Committee from time to time and such payment be made in respect of profits of the Company for the whole or proportionately for a part of financial years, provided that the total remuneration payable to all the directors of the Company in any financial year shall not exceed the limits prescribed under Section 197 and other applicable provisions of the Act.

“RESOLVED FURTHER THAT the above remuneration shall be in addition to fees payable to the Director(s) for attending the meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.”

“RESOLVED FURTHER THAT the Board of Directors, Key Managerial Personnel and any other person authorized by the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

Item No. 7 – To ratify remuneration to be paid to M/s. R J Goel & Co. Cost Accountants as Cost Auditors of the Company for the Financial Year 2023-24.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof, for the time being in force), and other applicable provisions, if any, the remuneration of Rs. 1,00,000 (Rupees One Lakh) only excluding all taxes and reimbursement of out of pocket expenses, for the financial year ending March 31, 2024 approved by the Board on recommendation of the Audit Committee payable to M/s. R J Goel & Co., Cost Accountants having Firm Registration Number 000026, appointed as cost auditor by the Board of Directors of the company to audit the cost records of the company for the financial year ending March 31, 2024, be and is hereby ratified and confirmed”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to fix and/or increase the remuneration of cost auditors from time to time not exceeding the limit of Rs. 10 lacs for each cost audit period excluding applicable taxes and reimbursement of out of pocket expenses as may be incurred by the cost auditor during the course of their audit of the Company for the financial year ended March 31, 2025 and thereafter.”

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Registered Office:
GHCL HOUSE
Opp. Punjabi Hall
Navrangpura, Ahmedabad - 380009

Dated: August 07, 2023

By Order of the Board
For GHCL Textiles Limited

Lalit Narayan Dwivedi
Company Secretary
Membership No.: FCS 10487



NOTES:

1. The Board of Directors of the Company is convening this Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) in terms of the framework prescribed by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14 of 2020 dated April 08, 2020, Circular No. 17 of 2020 dated April 13, 2020, Circular No. 20 of 2020 dated May 05, 2020, and General Circular No. 10/2022 dated December 28, 2022 and SEBI Circular dated 12th May, 2020, and January 5, 2023 (collectively referred to as “Circulars”). The facility of VC or OAVM and also casting votes by a member using remote e-voting as well as venue voting system on the date of the AGM will be provided by CDSL. The framework prescribed by MCA in said circulars would be available to the members for effective participation in following manner:

- a. The Company is convening 3rd Annual General Meeting (AGM) through VC / OAVM and no physical presence of members, directors, auditors and other eligible persons shall be required for this annual general meeting.
- b. VC / OAVM facility provided by the Company, is having a capacity to allow at least 1000 members to participate the meeting on a first-come-first-served basis. However, the large Members (i.e. Members holding 2% or more shareholding), promoters, institutional investors, directors, KMPs, the Chairperson of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors etc. may be allowed to attend the meeting without restriction on account of first-come-first-served principle.

Notice of 3rd AGM and financial statements (including Board’s report, Auditor’s report or other documents required to be attached therewith) for FY 2022-23, are being sent only through email to all members as on August 11, 2023 (i.e. based on Benepos report after the Board Meeting in which notice is approved) on their registered email id with the company and no physical copy of the same would be dispatched. 3rd Annual Report containing Notice, financial statements and other documents are available on the website of BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com) where the Company’s shares are listed and is also available on the website of the Company (www.ghcltextiles.co.in).

- c. The Company is providing two-way teleconferencing facility or WebEx for the ease of participation of the members.
- d. Recorded transcript of the meeting shall be uploaded on the website of the Company and the same shall also be maintained in safe custody of the Company.
- e. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

Participants i.e. members, directors, auditors and other eligible persons to whom this notice is being circulated are allowed to submit their queries / questions etc. before the general meeting in advance on the e-mail address of the company at secretarial@ghcltextiles.co.in. Further, queries / questions may also be posed concurrently during the general meeting at given email id.

- f. Members, directors, auditors and other eligible persons to whom this notice is being circulated can attend this annual general meeting through video conferencing at least 15 minutes before the schedule time and shall be closed after expiry of 15 minutes from the scheduled time.
- g. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

2. Process for those Members whose email Ids addresses are not registered with the company / depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:

a) **For Demat Members** -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company (secretarial@ghcltextiles.co.in) / RTA (rnt.helpdesk@linkintime.co.in).

b) **For Individual Demat shareholders** – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

3. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business in the notice is annexed hereto.
4. The relevant details of directors seeking Appointment/re-appointment under Items No. 2,3,4 &5 as required under Regulation 36(3) of the Listing Regulations read with applicable provisions of the Companies Act, 2013 and relevant Secretarial Standards are given herein below.

Full Name	Mr. Raman Chopra	Dr. Manoj Vaish	Mrs. Vijaylaxmi Joshi	Mr. Arun Kumar Jain
DIN	00954190	00157082	00032055	07563704
DoB	25-11-1965	24-05-1961	01-08-1958	04-01-1956
Age	57 years	62 years	64 years	66 years
Original Date of Appointment	17.06.2020	06-03-2023	06-03-2023	06-03-2023
Qualification	Fellow member of Institute of Chartered Accountants of India.	Ph.D. M.B.A. (Major-Finance) from F.M.S., Delhi University	post graduate in Psychology from Lucknow University	M.Sc. (Maths), and LL.B.
Nature of expertise in specific functional areas/ Experience and Expertise	<p>Mr. Chopra is Executive Director- Finance and CFO of Demerged Company and non- executive director of GHCL Textiles Limited.</p> <p>He is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India.</p> <p>Mr. Chopra is having wide experience in Corporate Finance and Textiles. Mr. Chopra has more than three decades of Industrial experience.</p> <p>Mr. Chopra played a vital role in demerger of spinning division of GHCL Limited (Demerged Company) with GHCL Textiles Limited.</p>	<p>Dr. Vaish is having very rich experience of finance, forex and securities market and had served various organizations including BSE, Dun & Bradstreet, Deutsche Bank, NSDL Database Management Ltd. etc.</p> <p>He is also having good exposure of Financial Educations & Training, Sales & Marketing, Risk Management, Credit Ratings and e-governance etc.</p>	<p>Mrs. Vijaylaxmi Joshi is a retired Indian Administrative Service (IAS) officer She had served in various posts in the State and in the Centre. Under State level, she has also been deputed as Managing Director of Government Companies such as Gujarat Mineral Development Corporation Ltd. She had been Joint and Additional secretary in the Commerce Ministry during 2011 to 2014. Thereafter, she took over as Secretary, Ministry of Panchayati Raj on May 1, 2014. She had also been appointed as Officer on Special Duty in the Ministry of Drinking Water and Sanitation. she was head of the Swachh Bharat Abhiyan (the Clean India programme).</p>	<p>Mr. Arun Kumar Jain, is retired IRS officer.</p> <p>Mr. Jain is a retired Indian Revenue Service (IRS) and he had served in various posts under Department of Revenue including Chairman of Central Board of Direct Taxes.</p> <p>He is having a vast knowledge and experience in the field of taxation.</p>
Remuneration last drawn (including sitting fees)	As mentioned in the Report on Corporate Governance	As mentioned in the Report on Corporate Governance	As mentioned in the Report on Corporate Governance	As mentioned in the Report on Corporate Governance

Full Name	Mr. Raman Chopra	Dr. Manoj Vaish	Mrs. Vijaylaxmi Joshi	Mr. Arun Kumar Jain
Terms and conditions of appointment or re-appointment along with Remuneration to be paid	As mentioned in the Report on Corporate Governance.	As mentioned in the Report on Corporate Governance.	As mentioned in the Report on Corporate Governance.	As mentioned in the Report on Corporate Governance.
Number of board meetings attended during FY 2022-23	6 [All board meeting attended]	1	1	1
Shareholding (Equity Shares) including shareholding as a beneficial owner]	*1,75,000 (0.18%) equity shares	Nil	Nil	Nil
Relationship with other directors, Manager and KMP	None	None	None	None
Member/Chairperson of committees of the Company	<ol style="list-style-type: none"> 1. Stakeholders Relationship Committee – Member 2. Banking & Operation - Member 3. CSR Committee- Member 4. Risk Management Committee - Member 	<ol style="list-style-type: none"> 1. Audit Committee- Chairman 2. NRC - Member 	<ol style="list-style-type: none"> 1. NRC Committee - Chairperson 2. CSR Committee - Chairperson 3. Audit Committee- Member 	<ol style="list-style-type: none"> 1. Audit Committee- member 2. NRC – Member 3. Stakeholders Relationship Committee (SRC) – Chairman 4. Risk Management Committee – Member- Chairman
Directorships held in other companies	GHCL Limited	<ol style="list-style-type: none"> 1. GHCL Limited 2. Mirae Asset Trustee Company Pvt. Ltd 	<ol style="list-style-type: none"> 1. GHCL Limited 2. Adani Enterprises Ltd 	<ol style="list-style-type: none"> 1. GHCL Limited 2. M R Technofin Consultant Pvt. Ltd., 3. Sahara India Life Insurance Limited
Membership of committees held in other Indian companies	<ol style="list-style-type: none"> 1. Stakeholders Relationship Committee – Member 2. Banking & Operation - Member 3. CSR Committee- Member 4. Risk & Sustainability Committee - Member 	<ol style="list-style-type: none"> 1. Audit Committee of Mirae Asset Trustee Company Pvt. Ltd 2. NRC Committee of GHCL Ltd 	<ol style="list-style-type: none"> 1. Audit and Compliance Committee of GHCL Ltd 2. CSR Committee of GHCL Ltd 3. Audit Committee of Adani Enterprises Ltd 4. NRC committee of Adani Enterprises Ltd 5. CSR Committee of Adani Enterprises Ltd 	<ol style="list-style-type: none"> 1. Audit and Compliance Committee of GHCL Ltd 2. Stakeholders’ Relationship of GHCL Ltd 3. Audit Committee of M R Technofin Consultant Pvt. Ltd., 4. Audit Committee of Sahara India Life Insurance Limited
Chairpersonship of committees held in other Indian companies	None	Audit and Compliance Committee of GHCL Ltd	NRC committee of GHCL Ltd	Risk & Sustainability Committee of GHCL Ltd
Names of listed entities in which the person also holds the directorship and the membership of Committees of the board along with listed entities from which the person has resigned in the past three years	Nil	Anand Rathi Financial Services Limited	Nil	<ol style="list-style-type: none"> 1. West End Housing Finance Limited 2. West End Investment and Financial Consultancy Limited

*Holding as on date of this Notice.

5. Board composition of GHCL Textiles Limited as on March 31, 2023 and directors' attendance at Board meeting and in previous Annual General Meeting.

Sl. No.	Name	Date of Board Meeting & Attendance						Agm Attendance (June 29, 2022)
		April 30, 2022	July 28, 2022	October 31, 2022	January 2, 2023	March 6, 2023	March 16, 2023	
1	Dr. Manoj Vaish	NA	NA	NA	NA	NA	Yes	NA
2	Mrs. Vijaylaxmi Joshi, (Ex-IAS)	NA	NA	NA	NA	NA	Yes	NA
3	Mr. Arun Kumar Jain, (Ex-IRS)	NA	NA	NA	NA	NA	Yes	NA
4	Mr. R. S. Jalan	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5	Mr. Raman Chopra	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Mr. Neelabh Dalmia	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note:

- The word NA denotes that person was not a member of the Board of the Company at the date of the relevant Board Meeting.
 - During the year, Board of Directors of the Company in their meeting held on March 6, 2023 had appointed Dr. Manoj Vaish, Mrs. Vijaylaxmi Joshi and Mr. Arun Kumar Jain as Additional Directors in the category of Independent Director and they hold office of Directors upto the date of ensuing AGM and being eligible, offer themselves for appointment. All the necessary information required under Regulation 36 (3) of the Listing Regulations has been provided under the notice of the Annual General Meeting (AGM).
- Members are requested to notify immediately any change of address to their Depositories Participants (DPs) in respect of their electronic share accounts, if any.
 - Members are requested to send their queries, if any, at least seven (7) days in advance of the meeting so that the information can be made available at the meeting.
 - Voting through electronic means:
 - In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 ("Listing Regulations") and any other applicable provisions, the Company is pleased to provide members the facility to exercise their right to vote at the 3rd Annual General Meeting (AGM) by electronic means and the business may be transacted through Remote e-Voting Services provided by Central Depository Services (India) Limited (CDSL).
 - A member may exercise his vote at any general meeting by electronic means and Company may pass any resolution by electronic voting system in accordance with the Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulation read with the MCA circulars.
 - During the remote e-voting period, members of the Company, holding shares as on the cut-off date i.e. **Saturday, September 02, 2023** may cast their vote electronically. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date. As per Explanation (ii) of Rule 20 of the Companies (Management and Administration) Rules, 2014, cut-off date means a date not earlier than 7 days before the date of general meeting.
 - The remote e-voting period commences at 9:00 a.m. (IST) on Wednesday, September 6, 2023 and ends at 5:00 p.m. (IST) on Friday, September 8, 2023. The e-voting module shall be disabled by CDSL for voting thereafter.
 - Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - The facility for voting, through electronic voting system, shall also be made available during the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able

to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

(g) Instructions for members for remote e-voting are as under:

Step 1: Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (i) Pursuant to SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual Members holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Members are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

In order to increase the efficiency of the voting process, all the Demat account holders, by way of a single login credential, through their Demat accounts/ websites of Depositories/ Depository Participants, able to cast their vote without having to register again with the e-voting service providers (ESPs), thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Pursuant to said SEBI Circular, login method for e-Voting and joining virtual meetings for Individual Members holding securities in Demat mode (NSDL/CDSL) is given below:

Type of Members	Login Method
Individual Members holding securities in Demat mode with CDSL	<p>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsl website www.cdslindia.com and click on login icon & New System Myeasi Tab.</p> <p>1) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at cdsl website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.</p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>

Type of Members	Login Method
Individual Members holding securities in demat mode with NSDL	<p>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>
Individual Members (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

(ii) Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Step 2: Access through CDSL e-Voting system in case of non-individual shareholders in demat mode.

h. Login method of e-Voting for Members (including HUF) other than individual Members.

Log on to the e-voting website www.evotingindia.com

Click on “Members” tab.

Now Enter your User ID

- a. For CDSL: 16 digits beneficiary ID,
- b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

- (i) Next enter the Image Verification as displayed and Click on Login.

If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

- (ii) If you are a first-time user follow the steps given below:

For other than individual shareholders holding shares in Demat.	
PAN*	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable). Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

- (iii) After entering these details appropriately, click on “SUBMIT” tab.
- (iv) Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (v) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (vi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (vii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (viii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (ix) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (x) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xii) There is also an option to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification

Note for Non – Individual Members and Custodians for remote voting only

Step 1: Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.

Step 2: A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

Step 3: After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

Step 4: The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.

Step 5: A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

Step 6: Alternatively, Non Individual Members are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, at least 48 hours before the meeting to the Company at secretarial@ghcltextiles.co.in, if voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

9. The instructions for Members voting on the day of the AGM on e-voting system are as under: -
- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
 - ii. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
 - iii. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
 - iv. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
 - v. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting
 - vi. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **seven days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **seven days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (secretarial@ghcltextiles.co.in). These queries will be replied to by the company suitably by email.

Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

- vii. Only those Members/ Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.

viii. If any Votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members participating in the meeting.

ix. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

10. Instructions for members for attending the AGM through VC / OAVM are as under:

Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-voting system. Members may access the same at <https://www.evotingindia.com> under Members / members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

Members are encouraged to join the Meeting through Laptops/Personal Computers for better experience.

Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the Meeting.

Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network.

It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

11. For Assistance / Queries for e-voting etc.

Login type	Helpdesk details
(i) Individual Members holding securities in Demat mode with CDSL	If you have any queries or issues regarding attending e-voting from the e-voting system, you may refer the Frequently Asked Questions (“ FAQs ”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or contact at toll free no.1800225533 All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or contact at toll free no.1800225533.
(ii) Individual Members holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

12. Members holding shares in electronic form may update such details (bank, address, email etc.) with their respective Depository Participant.

13. Mr. Manoj R. Hurkat, Practicing Company Secretary holding Membership No. F4287 and Certificate of Practice No. 2574 has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner. The Board has also authorised KMP to appoint one or more scrutinizers in addition to and/or in place of Mr. Hurkat.

14. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two

witnesses not in employment of the Company and make, not later than 48 hours from the conclusion of meeting, a consolidated scrutiniser's report of the total votes cast in favour or against, if any to the Chairperson of the Meeting or a person authorised by him in writing who shall countersign the same. Thereafter, the Chairperson of the Meeting or the person authorised by him in writing shall declare the result of the voting forthwith.

The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.ghcltextiles.co.in and on the website of CDSL immediately after the result is declared by the Chairperson of the Meeting; and results shall also be communicated to the Stock Exchanges.

All documents referred to in the Notice, will be available electronically for inspection, without any fee, by the members from the date of circulation of this Notice up to the date of AGM i.e. September 09, 2023. Members seeking to inspect such document(s) can send an email to secretarial@ghcltextiles.co.in.

15. The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested, and all documents referred to in the Notice and Explanatory Statement will be available for electronic inspection by the members.

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 3, 4 & 5 : Appointment of Independent Directors

Considering the approval of the Scheme of Arrangement in the nature of demerger of the Spinning Division of GHCL Limited (i.e. Demerged Company) to GHCL Textiles Limited (i.e. Resulting Company) and proposed allotment of equity shares by GHCL Textiles Limited and listing of said shares with the Stock Exchanges, it was important to appoint some Additional Directors in the category of Independent Directors before Listing of the shares of the Company on Stock Exchanges, to meet the Board's composition in line with the requirement of Regulation 17 of the SEBI (LODR) Regulations, 2015 (the Listing Regulations). Hence the Board of Directors of the Company in their Meeting held on March 06, 2023, had appointed Dr. Manoj Vaish, Mrs. Vijaylaxmi Joshi and Mr. Arun Kumar Jain as Additional Directors in category of Independent Director for two consecutive years w.e.f March 06, 2023 and they hold office upto this ensuing Annual General Meeting.

Item no. 3

Dr. Manoj Vaish (DOB – May 24, 1961) appointed as a Non-Executive Independent Director of the Company, for a term of 2 consecutive years with effect from March 06, 2023 and for a term upto March 05, 2025. His educational qualification is B.Com. (Hon.) from S.R.C.C. and M.B.A. (Major-Finance) from F.M.S., Delhi University and also Ph.D. He was awarded Dr. J. C. Ghosh Gold Medal for his MBA Examination. Dr. Vaish is having very rich experience of finance, forex and securities market and had served various organizations including BSE, Dun & Bradstreet, Deutsche Bank, NSDL Database Management Ltd. etc. He is also having good exposure of Financial Educations & Training, Sales & Marketing, Risk Management, Credit Ratings and e-governance etc. He is Chairman of Audit Committee and member of Nomination and Remuneration Committee of the Company.

Dr. Manoj Vaish is director on the Board of GHCL Limited, Mirae Asset Trustee Company Pvt. Ltd and Anand Rathi Financial Services Limited. However, subsequent to the closure of financial year end, Dr. Manoj Vaish has resigned from the Board of Anand Rathi Financial Services Limited with effect from July 15, 2023. He is Chairman of Audit & Compliance Committee of GHCL Limited and Member of Nomination and Remuneration Committee of GHCL Limited, Audit Committee of Mirae Asset Trustee Company Pvt. Ltd. Dr. Manoj Vaish is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees He does not hold any shares in the Company.

In terms of Section 149, 152, 160 of the Companies Act, 2013 and the rules made thereunder and other applicable provisions, if any, and approved by the Board of Directors, Dr. Manoj Vaish being eligible for appointment is proposed

to be appointed as an Independent Director for a term upto March 05, 2025.

In the opinion of the Board, Dr. Manoj Vaish (holding DIN: 00157082) fulfils the conditions specified in the Listing Regulations read with the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. All the relevant documents including letter for appointment of Dr. Vaish as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company between 11.00 AM to 1.00 PM on all working days of the Company up to September 08, 2023.

Pursuant to the circular relating to the “enforcement of SEBI Order regarding appointment of directors by listed companies” dated June 20, 2018, Dr. Manoj Vaish is not debarred from holding the office of director pursuant to any SEBI order.

Being Non-Executive Director of the Company, Dr. Vaish may be entitled to receive sitting fee, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be determined by the Board of Directors upon recommendation of the Nomination and Remuneration Committee, within the overall approval given by the shareholders. As per the provisions of Section 197 read with Section 149 of the Companies Act, 2013 and being Independent Director of the Company, Dr. Vaish shall not be entitled to any stock option.

The Board considers that his vast knowledge and varied experience of the industry will be of great value to the Company and his association would be of immense benefit to the Company and it is desirable to avail valuable services of Dr. Vaish as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Dr. Manoj Vaish as an Independent Director, for the approval by the shareholders of the Company.

The Board recommends the resolution set forth in Item No. 3 for the approval of Members by way of **Special Resolution**. Except Dr. Manoj Vaish, being an appointee and his relative to the extent of their shareholding in the Company, if any, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 3. This Explanatory Statement may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations, Secretarial Standards and/or any other applicable laws.

Item no. 4

Mrs. Vijaylaxmi Joshi (DOB – August 1, 1958) is a Non-Executive Independent Director of the Company. Board of Directors in their meeting held on March 6, 2023 had appointed her as additional director in the category of Independent Director. Mrs. Vijaylaxmi Joshi is a 1980 batch IAS officer of the Gujarat cadre and she had served in various posts in the State and in the Centre including Joint and Additional Secretary in the Commerce Ministry; Secretary in the Ministry of Panchayati Raj. She had also been appointed as Officer on Special Duty in the Ministry of Drinking Water and Sanitation. Lastly, she was head of the Swachh Bharat Abhiyan, the Clean India programme. Under State level, she had also been deputed as Managing Director of Government Company such as Gujarat Mineral Development Corporation Ltd. At present, Mrs. Joshi is Director on the Board of Adani Enterprises Limited and GHCL Limited. Mrs. Joshi is Chairperson of the Nomination & Remuneration Committee and CSR Committee of the Company and member of the Audit Committee of the Company.

Mrs. Joshi is Chairperson of the Nomination & Remuneration Committee of GHCL Limited, and member of CSR Committee, Audit & Compliance Committee of GHCL Limited and member of Audit committee, NRC Committee and CSR committee of Adani Enterprises Limited. Mrs. Joshi is neither a member of more than 10 Committees nor a Chairperson of more than 5 Committees. She does not hold any shares in the Company.

In terms of Section 149, 152, 160 of the Companies Act, 2013 and the rules made thereunder and other applicable provisions, if any, and approved by the Board of Directors, Mrs. Vijaylaxmi Joshi being eligible for appointment is proposed to be appointed as an Independent Director for a term upto March 05, 2025.

In the opinion of the Board, Mrs. Vijaylaxmi Joshi (holding DIN: 00032055) fulfils the conditions specified in the Listing Regulations read with the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. All the relevant documents including letter for appointment of Mrs. Joshi as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company between 11.00 AM to 1.00 PM on all working days of the Company up to September 08, 2023.

Pursuant to the circular relating to the “enforcement of SEBI Order regarding appointment of directors by listed companies” dated June 20, 2018, Mrs. Vijaylaxmi Joshi is not debarred from holding the office of director pursuant to any SEBI order.

Being Non-Executive Director of the Company, Mrs. Joshi may be entitled to receive sitting fee, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be determined by the Board of Directors upon recommendation of the Nomination and Remuneration Committee, within the overall approval given by the shareholders. As per the provisions of Section 197 read with Section 149 of the Companies Act, 2013 and being Independent Director of the Company, Mrs. Joshi shall not be entitled to any stock option.

The Board considers that her vast knowledge and varied experience will be of great value to the Company and her association would be of immense benefit to the Company and it is desirable to avail valuable services of Mrs. Joshi as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mrs. Vijaylaxmi Joshi as an Independent Director, for the approval by the shareholders of the Company.

The Board recommends the resolution set forth in Item No. 4 for the approval of Members by way of **Special Resolution**. Except Mrs. Vijaylaxmi Joshi, being an appointee and her relative to the extent of their shareholding in the Company, if any, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations, Secretarial Standards and/or any other applicable laws.

Item no. 5

Mr Arun Kumar Jain, Ex-IRS (DOB – January 4, 1956) appointed as a a Non-Executive Independent Director of the Company, for a term of 2 consecutive years with effect from March 06, 2023 and for a term upto March 05, 2025. Mr. Arun Kumar Jain is a retired Indian Revenue Service (IRS) officer and he had served in various posts under Department of Revenue including Chairman of Central Board of Direct Taxes. Educational qualification of Mr. Jain is M.Sc. (Maths), and LL.B and he is having a vast knowledge and experience in the field of taxation. Mr. Jain is Chairman of the Stakeholders’ Relationship Committee & Risk Management Committee of the Company and member of Audit Committee of the Company.

Mr. Jain is a Director on the Board of GHCL Limited, M R Technofin Consultant Pvt. Ltd., West End Housing Finance Ltd., West End Investment and Finance Consultancy Pvt. Ltd and Sahara India Life Insurance Limited. Subsequent to the closure of financial year end, Mr. Jain has resigned from the Board of West End Housing Finance Ltd., and West End Investment and Finance Consultancy Pvt. Ltd., with effect from May 15, 2023.

Mr. Jain is Chairman of the Risk Management Committee of GHCL Limited and member of Audit & Compliance Committee, Stakeholders’ Relationship Committee of GHCL Limited, Audit Committee of M R Technofin Consultant Pvt. Ltd. and audit Committee of Sahara India Life Insurance Limited. Mr. Jain is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He does not hold any shares in the Company.

In terms of Section 149, 152, 160 of the Companies Act, 2013 and the rules made thereunder and other applicable provisions, if any, and approved by the Board of Directors, Mr. Arun Kumar Jain being eligible for appointment is proposed to be appointed as an Independent Director for a term upto March 05, 2025.

In the opinion of the Board, Mr. Arun Kumar Jain (holding DIN: 07563704) fulfils the conditions specified in the Listing Regulations read with the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. All the relevant documents including letter for appointment of Mr. Jain as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company between 11.00 AM to 1.00 PM on all working days of the Company up to September 08, 2023.

Pursuant to the circular relating to the “enforcement of SEBI Order regarding appointment of directors by listed companies” dated June 20, 2018, Mr. Arun Kumar Jain is not debarred from holding the office of director pursuant to any SEBI order.

Being Non-Executive Director of the Company, Mr. Jain may be entitled to receive sitting fee, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be determined by the Board of Directors upon recommendation of the Nomination and Remuneration Committee, within the overall approval given by the shareholders. As per the provisions of Section 197 read with Section 149 of the Companies Act, 2013 and being Independent Director of the Company, Mr. Jain shall not be entitled to any stock option.

The Board considers that his vast knowledge and varied experience will be of great value to the Company and his association would be of immense benefit to the Company and it is desirable to avail valuable services of Mr. Jain as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Arun Kumar Jain as an Independent Director, for the approval by the shareholders of the Company.

The Board recommends the resolution set forth in Item No. 5 for the approval of Members by way of **Special Resolution**. Except Mr. Arun Kumar Jain, being an appointee and his relative to the extent of their shareholding in the Company, if any, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may also be regarded as a disclosure under Regulation 36(3) of the Listing Regulations, Secretarial Standards and/or any other applicable laws.

Item no. 6

Section 197 of the Companies Act, 2013 provides for the rate of remuneration payable to the Directors who are not in the whole-time employment of the Company. At present since your Company does not have whole time Directors, the remuneration (in the form of Commission), payable to Non-Whole time Director shall not exceed 3% of the net profit of the Company, however the Board of Directors had decided that the remuneration (in the form of Commission), payable to Non-Whole time Director shall not exceed 1% of the net profit of the Company. Pursuant to Sub-section (8) of Section 197, such net profit shall be computed in the manner referred to in Section 198 of the Companies Act, 2013. The Company’s Non-Executive Directors are leading professionals with high level of expertise and rich experience in functional areas such as business strategy, financial governance, corporate governance, research & innovation amongst others. The Company’s Non-Executive Directors have been shaping and steering the long-term strategy and make invaluable contributions towards strategy, monitoring of risk management and compliances.

Accordingly, it is proposed that in terms of section 197 of the Companies Act, 2013, remuneration / Commission be paid to and distributed amongst the Non-Whole-time Directors of the Company or some or any of them in such amounts or proportions and in such manner as may be decided by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee from time to time and such profit and such payment be made in respect of profits of the Company for a period of five years (i.e financial year 2023-24 to 2027-28).

Members are requested to note that pursuant to the requirement of Sub-section 5 of Section 197 of the Companies Act, 2013, said remuneration / commission to Non – Executive Directors will be in addition to the sitting fees for attending Board/Committee meetings. Details sitting fees paid to Non-Executive Directors during the Financial Year 2022-23 is provided in the annexure to the Directors Report and the Corporate Governance Report.

None of the Directors, Key Managerial Personnel or their respective relatives, except all of the Non-Executive Directors of the Company to whom the resolution relates are concerned or interested in the Resolution mentioned at Item No. 6 of the notice.

Item no. 7

The Board of Directors of the Company, on the recommendation of the Audit Committee, in its 18th Meeting held on August 7, 2023, has approved the appointment of R J Goel & Co. Cost Accountants, at a remuneration of 1,00,000/- (Rupees One Lakh only) excluding applicable Tax to conduct the Cost Audit of the Company for the financial year 2023-24. In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit & Auditor Rules), 2014, the remuneration payable to the Cost Auditor is required to be ratified by the members of the Company.

In order to give flexibility to the Board of directors to fix and/or increase the remuneration of cost auditors from time to time not exceeding the limit of Rs. 10 lacs for each cost audit period excluding applicable taxes and reimbursement of out of pocket expenses as may be incurred by the cost auditor during the course of their audit of the Company for the financial year ended March 31, 2025 and thereafter, it is proposed to obtain approval of shareholders authorizing the Board of Directors to approve the remuneration of Cost Auditors, not exceeding the limit as approved by the Shareholder.

Your Directors place the Resolution for your approval and confirm that none of the Directors, Key Managerial Personnel of the Company or their relatives is in any way, concerned or interested, financially or otherwise, in the resolution set out as item no. 7 of the Notice.

Registered Office:
GHCL HOUSE
Opp. Punjabi Hall
Navrangpura, Ahmedabad - 380009

By Order of the Board
for **GHCL Textiles Limited**

Dated: August 07, 2023

Lalit Narayan Dwivedi
Company Secretary
Membership No.: FCS 10487

Board's Report

Dear Shareholders,

Your directors have pleasure in presenting before you the 3rd Board's Report and the Audited Statement of Accounts of the Company for the financial year ended 31st March 2023.

Financial Results & Scheme

The Company was incorporated on June 17, 2020 and has not carried any manufacturing, trading, or service activities during the financial year ended on 31st March 2023 due to pendency of the Scheme of Arrangement. However, statement of profit and loss has been prepared for the above period as well as other financial statements in line with the provisions of the Companies Act, 2013.

The summary of the financial performance of the Company for the financial year ended March 31, 2023 (compared to the previous year ended on March 31, 2022).

Amount ("Rs. in hundreds")

Particulars	As on March 31, 2023	As on March 31, 2022
Income from operations & other income	0	0
Expenses	682.92	118.0
Profit/(Loss) before tax	(682.92)	(118.0)
Current Tax	0	0
Profit/(Loss) after tax	(682.92)	(118.0)
EPS -Basic/Diluted	(1.37)	(0.24)

As communicated earlier, the Board of Directors of GHCL Limited and GHCL Textiles Limited in their meeting held on December 6, 2021 had approved a Scheme of Arrangement consisting of demerger of Spinning Division of GHCL Limited ("Demerged Company") into GHCL Textiles Limited ("Resulting Company"). Your directors are pleased to inform that the Scheme has been sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad (NCLT) vide its order dated February 8, 2023 and certified copy of the NCLT order was received on March 14, 2023.

Please note that GHCL Textiles Limited as well as GHCL Limited have filed Form INC 28 with the Registrar of Companies, Ahmedabad, wherein the Companies have filed the certified copy of the order sanctioning the Scheme of Arrangement with the Registrar of Companies on April 1, 2023. Accordingly, the Scheme of Arrangement has become effective from April 1, 2023 ('Effective Date'). Further, as per clause 1.3 of the Scheme, the "Appointed Date" of the Scheme shall be the Effective Date, i.e. April 1, 2023.

Please further note that upon the Scheme becoming effective, the Spinning division (along with all assets and liabilities thereof as at the appointed date stated in the Scheme) of the Demerged Company have been transferred to GHCL Textiles Limited (the Company) on a going concern basis. As a consideration for the Demerger, the Company has issued its equity shares on April 12, 2023, to the shareholders of Demerged company as on the record date (i.e. April 8, 2023) in a 1:1 swap ratio (i.e. One share of Rs. 2 each will be issued by the Company for every one share of Rs. 10 each held in Demerged company). Further, the Company shall also be listed on the BSE and NSE and BSE is our designated Stock Exchange.

Dividend

Your Company has not declared any dividend for the financial year 2022-23 and similarly no amount has been transferred to Reserves.

Board Meetings

The Board meetings of your company are normally planned in advance in consultation with the Board Members. However, in certain emergency situation, Board meeting was also convened on shorter notice after complying necessary requirement for the same. During the financial year ended March 31, 2023, the Board of Directors met six times (i.e. on April 30, 2022, July 28, 2022, October 31, 2022, January 2, 2023, March 6, 2023 and March 16, 2023) to review strategic, operational and

financial performance of the company. The details of the board's meetings are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

Directors

(i) Your directors are pleased to inform that Mr. Raman Chopra, is director retiring by rotation and being eligible, offer himself for re-appointment. The Board recommends his re-appointment at the ensuing Annual General Meeting.

(ii) Appointment of Independent Directors

We would like to inform that the Board of Directors in their meeting held on March 6, 2023 had appointed Dr. Manoj Vaish, Mrs. Vijaylaxmi Joshi (Ex-IAS) and Mr. Arun Kumar Jain as Additional Directors in the category of Independent Directors for a period of two years (i.e. till March 5, 2025) with effect from March 6, 2023, subject to the approval of the shareholders.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of independence as prescribed under sub-section 6 of section 149 of the Act.

The Board further confirms that the Independent Directors also meet the criteria of expertise, experience and integrity in terms of Rule 8 of the Companies (Accounts) Rules, 2014.

(iii) Board Evaluation

During the year under review, the Company is unlisted company and the provisions related to reporting of performance evaluation under section 134((3)(p) is not applicable upon your company.

Key Managerial Personnel

Pursuant to Section 203 read with Section 2(51) of the Companies Act, 2013, the Board of Directors in their meeting held on March 6, 2023 has appointed Mr. R Balakrishnan (CEO), Mr. Gaurav V (CFO) and Mr. Lalit Narayan Dwivedi (Company Secretary & Compliance Officer) of the Company as the Key Managerial Personnel of the Company.

Constitution of Various Committees of the Board of Directors

Keeping in view of the changes in the Board composition and to strengthen corporate governance norms and in order to facilitate smooth business operations of the Company by delegation of the power of the Board to the Committees as per the legal requirement, the Board of Directors in their meeting held on March 6, 2023 has constituted the following Committees: -

Sr. No.	Name of Committees
1	Audit Committee
2	Nomination & Remuneration Committee
3	Stakeholders Relationship Committee
4	Risk Management Committee
5	Corporate Social Responsibility Committee
6	Banking & Operations Committee

Statutory Auditors and its Report

Your directors would like to inform that in the 1st AGM held on June 18, 2021, M/s S. R. Batliboi & Co. LLP, Chartered Accountants (ICAI Firm Reg. No. 301003E / E300005), was appointed as statutory auditors of the Company for a period of five consecutive years i.e. from the conclusion of 1st AGM till the conclusion of 6th AGM.

M/s S. R. Batliboi & Co. LLP has audited the books of accounts of the Company for the financial year ended March 31, 2023 and has issued the Auditors' Report thereon. There are no qualifications or reservations or adverse remarks except one Emphasis of Matter in the said report, which is self-explanatory and do not need any further explanation. Further, no frauds have been reported by the Auditors to the Board under Section 143(12) of the Companies Act, 2013. Emphasis of Matter mentioned by the Auditors in the Auditors' Report is reproduced as under:

We draw your attention to note 10 to the financial statements, which indicates that the demerger would be accounted on the Appointed date mentioned in the Scheme of Arrangement i.e. date of filing of certified true copy of the National Company Law Tribunal order along with the sanctioned Scheme with the Registrar of Company, instead of accounting of demerger in the current year

from the beginning of the comparative period presented in the financial statements, since the substantial conditions relating to transfer of demerged undertaking were met during the current year, as required under applicable Indian Accounting Standards prescribed under Section 133 of the Act.

Accordingly, no accounting treatment in respect of the demerger has been carried out in these financial statements, as the approved Scheme would prevail over the applicable Indian Accounting Standards. Our opinion is not modified in respect of this matter.

Cost Auditors

During the year under review, your Company was not doing any business. Accordingly, provision for appointment of Cost Auditors as per Section 148 read with Companies (Cost Records and Audit) Rules, 2014 to conduct Cost Audit for FY 2022-23 is not applicable upon the Company for the Financial Year 2022-23.

Internal Auditors

During the year under review, your Company was not doing any business and being an unlisted Company, provisions of Section 138 of the Companies Act, 2013, for appointment of Internal Auditors is not applicable upon the Company for the Financial Year 2022-23.

Secretarial Auditor

Pursuant to section 204 of the Companies Act, 2013 and Rule 9 of the Companies (appointment and remuneration of Managerial Personnel) rules, 2015 the Board of Directors in their Meeting held on March 16, 2023, has voluntarily appointed Mr. S Chandrasekaran (FCS No. 1644), holding Certificate of Practice No. 715, representing M/s Chandrasekaran Associates, Practicing Company Secretaries, New Delhi as Secretarial Auditor of the Company for the Financial Year ended on March 31, 2023. The Secretarial Audit Report as given by Secretarial Auditor of the Company will be annexed with this Report.

Managerial Remuneration & Particulars of Employees

None of the employees drawing a remuneration as per provisions of section 197(12) of the Act and Rule 5(2) of the Companies (Appointment and Remuneration

of Managerial Personnel) Rules, 2014 (the Rules). Accordingly, the disclosure in terms of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo

Since the Company has not undertaken any commercial activity during the financial year 2022-23, the provisions of Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable.

Secretarial Standards

During the year under review, the Company has complied with all the applicable provisions of Secretarial Standards issued by Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs of India.

Dividend Distribution Policy

Keeping in view of the proposed listing of the equity shares of the Company and in terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors of the Company has formulated and adopted the Dividend Distribution Policy ("DDP") in its meeting held on January 2, 2023. As per the DDP, the Board's endeavours is to ensure transparency in deciding the quantum of dividend and commit a dividend pay-out ratio including the dividend tax, in the range of 10% to 20% of profits after tax (PAT) on standalone financials of the Company. The Board of Directors while taking decision for recommendation of the dividend will take guidance from this policy and would ensure to maintain a consistent approach to dividend pay-out plans.

The Dividend Distribution Policy is available on the Company's website <https://ghcltextiles.co.in/wp-content/uploads/2023/02/Dividend-Distribution-Policy.pdf>

Nomination and Remuneration Policy

The Board of Directors in its meeting held on January 2, 2023 has approved the Nomination and Remuneration Policy for Directors, Key Managerial Personnel ('KMP') and all other employees of the Company. The Company's Nomination and Remuneration Policy and Practices have been formulated and maintained to meet the following objectives:

1. To attract, retain and motivate qualified and competent individuals at Director, Key Managerial and other employee levels to carry out company's business operations as assigned to them.
2. To ensure payment of salaries and perks that are comparable to market salary levels so as to remain competitive in the industry.
3. To revise the remuneration of its employees periodically for their performance, potential and value addition after systematic assessment of such performance and potential.
4. To ensure disbursement of salary and perks in total compliance to the applicable statutory provisions and prevailing tax laws of the Country.

The Nomination and Remuneration Policy is available on <https://ghcl.co.in/wp-content/uploads/2023/05/Nomination-and-Remuneration-Policy.pdf>.

Vigil Mechanism / Whistle Blower Policy

As a conscious and vigilant organization, GHCL Textiles Limited believes in the conduct of the affairs of its constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behavior. In its endeavour to provide its employee a secure and fearless working environment, GHCL Limited has established the "Whistle Blower Policy". The Board of Directors in its meeting held on January 2, 2023, has approved the Whistle Blower Policy.

The purpose of the policy is to create a fearless environment for the directors and employees to report any instance of unethical behaviour, actual or suspected fraud or violation of Company's code of conduct or Ethics Policy to the Ombudsperson and /or Chairperson of the

Audit Committee. The Whistle Blower Policy is posted on the website of the Company www.ghcltextiles.co.in. There are no complaints reported during the year under Vigil mechanism.

Web Address for Annual Return and other Policies / Documents

Website of the Company is www.ghcltextiles.co.in, which is operational and as required under Section 134(3)(a) of the Companies Act, 2013, the Annual Return policies / documents are put up on the Company's website www.ghcltextiles.co.in as per the statutory requirement. The Annual Return is available on the Company's website https://ghcltextiles.co.in/wp-content/uploads/2023/08/GHCL_Textiles_Annual_Return_2022_23_Final.pdf.

Related Party Transactions

All related party transactions that were entered into during the financial year 2022-23 were on an arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Particular of Loans/Guarantees, or Investments

During the Financial Year 2022-23, Company has not given any loans or guarantee or security and not made any investment in violation of section 186 of the Companies Act, 2013 and rules made there under.

Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013 and rules made thereunder, a Company having Net worth of five hundred crore or more or turnover of rupees one thousand crore or more or net profit of Rs. Five crore rupees or more during any financial year shall constitute a CSR Committee, in term of above said conditions, the provision of Section 135 of Companies is not applicable upon the Company as the Company was not doing any business during the Financial Year 2022-23. However, as a good governance practice, Board of Directors in their Meeting held on January 2, 2023 had approved the Corporate Social Responsibility policy of the Company

and Board of Directors in their Meeting held on March 6, 2023 had voluntarily constituted the CSR Committee of the Company.

Risk Management

Being an unlisted Company as on March 31, 2023, provision for constituting Risk Committee is not applicable upon your Company, however, as a good governance practice, the Board of Directors in their meeting held on January 2, 2023 voluntarily formed a risk management policy to identify risk area of the business of the Company. The Board of Directors in their Meeting held on March 6, 2023 also constituted Risk Management Committee.

Directors' Responsibility Statement

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:

- a. in the preparation of the annual accounts for the financial year ended March 31, 2023, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023 and of the profit and loss of the Company for the financial year ended March 31, 2023;
- c. the proper and sufficient care has been taken by them for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts for the financial year ended March 31, 2023 have been prepared by them on a going concern basis;
- e. proper Internal financial controls have been followed by the company and that such internal

financial controls are adequate and were operating effectively; and

- f. proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

General Disclosures

Your Directors state that no disclosure or reporting is required in respect of the following matters as there is no transaction on these items during the year under review:

- (i) Details relating to deposits covered under Chapter V of the Act.
- (ii) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- (iii) Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- (iv) The Company does not have any scheme of provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.
- (v) No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.
- (vi) No fraud has been reported by the Auditors to the Board.
- (vii) There is no Corporate Insolvency Resolution Process initiated under the Insolvency and Bankruptcy Code, 2016.

For GHCL TEXTILES LIMITED

R S Jalan
Director
DIN: 00121260

Raman Chopra
Director
DIN: 00954190

Date : April 12, 2023
Place : Noida

Management Discussion And Analysis

Disclaimer

Readers are cautioned that this Management Discussion and Analysis contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words “anticipate”, “believe”, “estimate”, “intend”, “will”, and “expected” and other similar expressions as they relate to the Company or its business are intended to identify such forward looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements and risks and opportunities could differ materially from those expressed or implied in such forward-looking statements. The important factors that would make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets, raw material prices, changes in the Governmental regulations, labour negotiations, tax laws and other statutes, economic development within India and the countries within which the Company conducts business and incidental factors. The Company undertakes no obligation to publicly amend, modify or revise any forward-looking statements on the basis, of any subsequent developments, information or events. This report is prepared on the basis of public information available on website / report / articles etc. of various institutions. The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

Management Discussion and Analysis

The Scheme of Arrangement has become effective from April 1, 2023 ('Effective Date'). Though it is not applicable but as a part of good governance, we voluntarily present Management Discussion and Analysis (MDA) report of the Company for the Financial Year 2022-23.

The management of GHCL Textiles Limited has provided an analysis of the company's performance and key business updates for the financial year ended on March 31, 2023, as well as an outlook for the future. The outlook is based on an analysis of the current economic landscape,

although it may be impacted by socio-economic and political change due to future economic and related developments, both in India and internationally.

Demerger Of Textiles Business of GHCL Limited to GHCL Textiles Limited

The Company was incorporated on June 17, 2020 and has not carried any manufacturing, trading, or service activities during the financial year ended on 31st March 2023 due to pendency of the Scheme.

Please note that upon the Scheme becoming effective, the Spinning division of GHCL Limited (Demerged Company) along with all assets and liabilities thereof as at the appointed date (i.e. April 1, 2023), have been transferred to GHCL Textiles Limited (the Company) on a going concern basis. As a consideration for the Demerger, the Company had issued its equity shares on April 12, 2023, to the shareholders of Demerged company in a 1:1 swap ratio (i.e. One share of Rs. 2 each issued by the Company for every one share of Rs. 10 each held in Demerged company). Further, the Company has been listed on the BSE and NSE and BSE is our designated Stock Exchange. Trading of Company's shares have been started w.e.f. June 12, 2023.

Review of Economy

Overview of Global Economy

The recent reopening of economies has fueled a faster-than-anticipated recovery. Global growth is forecast to change from 3.2 percent in 2022 and 2.7 percent in 2023. However, economic activity continues to be affected by the increase in interest rates aimed at combating inflation and financial market turbulence. The rapid spread of the COVID-19 pandemic in China also impeded growth in 2022. Furthermore, Russia's military intervention in Ukraine caused extensive damage to physical infrastructure and led to the displacement of over a million people. Accordingly, the strength of this projected recovery will vary across countries, depending on the severity of the pandemic, the extent of domestic disruptions, and the effectiveness of government policy support to stabilize their economies. Global inflation

is expected to decline from 8.8 percent in 2022 to 6.6 percent in 2023 and further to 4.3 percent in 2024.

For advanced economies, the International Monetary Fund (IMF) has projected the growth rate to change from 2.7 percent in 2022 to 1.2 percent in 2023 before rising to 1.4 percent in 2024. The vast majority of advanced economies are expected to witness a contraction in their growth in the next year. On the other hand, emerging market and developing economies are projected to experience modest growth, from 3.9 percent in 2022 to 4.0 percent in 2023 and 4.2 percent in 2024, with an upward revision of 0.3 percentage point for 2023 and a downward revision of 0.1 percentage point for 2024. About half of emerging market and developing economies have lower growth in 2023 than in 2022.

The priority in most economies is to strive for sustained disinflation amid the cost-of-living crisis. This will pave the way for a more stable and prosperous global economy in the years to come.

Overview of Indian Economy

India's economy has experienced a significant surge over the past nine years, elevating it from the 10th to the 5th position in the global rankings, thereby establishing its position as a major economic powerhouse on the world stage. For FY 2022-23, Standard & Poor's credit rating for India stood at BBB(-) with a stable outlook, Moody's credit rating stood at Baa3 with a stable outlook, Fitch's credit rating was reported at BBB(-) with a negative outlook. In FY22, India's nominal gross domestic product (GDP) at current prices was estimated at Rs. 232.15 trillion (US\$ 3.12 trillion). Notably, India is home to over 100 unicorns valued at US\$ 332.7 billion, making it the third-largest unicorn base globally. While advising India, the World Bank has emphasized the need to prioritize reducing inequality while implementing growth-oriented policies to further strengthen the economy.

India's economy primarily thrives on domestic demand, with consumption and investments accounting for 70% of economic activity. The Union Government's financial performance in the fiscal year 2022-23 has remained strong due to the revival of economic activity, an increase in gross tax revenues from direct taxes and Goods & Services Tax (GST), and realistic assumptions in the Budget. As the economy recovers from the Covid-19

pandemic, investments have been made across various sectors, boosted by government PLI schemes. The Union Government has maintained its focus on capital expenditure (Capex) during the year. The Centre has also incentivized the State Governments through interest-free loans and enhanced borrowing ceilings to prioritize their spending on Capex. India's services exports have remained resilient during the Covid-19 pandemic and amid geopolitical uncertainties driven by higher demand for digital support.

Despite external headwinds, the International Monetary Fund (IMF) has projected India's growth at 6.1% for FY 2022-23 and 6.8% for FY 2023-24 in its January 2022 update of the 'World Economic Outlook.' India's domestic demand has been a key factor contributing to its resilience. The Economic Survey 2022-23, presented by the Hon'ble Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman, forecasts India's GDP growth to remain robust in FY24, expected to be in the range of 6.0-6.8%. This growth is anticipated to create new business opportunities. The Union Budget 2023-24 builds on the vision set out in previous budgets and provides a blueprint for steering the economy towards sustained high-growth. The budget allocates increased capital spending on infrastructure and asset-building projects, which is expected to generate positive growth multipliers in the medium term. According to Mr. Piyush Goyal, Hon'ble Minister of Commerce and Industry, Consumer Affairs, Food, and Public Distribution and Textiles, Indian exports are expected to reach US\$ 1 trillion by 2030. The government is prioritizing the adoption of renewable sources for energy generation and has set a target of achieving 40% of its total energy requirements from non-fossil fuel sources by 2030.

Textiles Industry

The textile sector is one of the critical sectors of the Indian economy, accounting for more than 2 percent of the total GDP and more than 12 percent of the manufacturing sector gross domestic product (GDP). The sector is also the second largest provider of employment in India, after agriculture. It provides employment to an estimated 45 million people directly and to another 60 million indirectly through allied activities. Not only is the textile sector highly labour intensive, it also employs unskilled and semi-skilled labour force and is also an important

source of employment for women.

During and post the pandemic period, the textile sector witnessed robust demand as consumers remained at home and focused on health and hygiene factors. As a result the prices of cotton and yarn went up. This resulted in buoyant markets, high operating utilisation and gains to the textile industry including spinning mills. This scenario continued till the mid of current fiscal year. However, the scenarios changed with fall in demand from end user segments, resulting in lower cotton and yarn prices. The Spinning mills faced the headwinds as the spread between cotton and yarn was curtailed. The lower demand resulted in reduced operations and utilisation of spinning mills.

Now, the industry is poised for a turnaround during the current year. There are series of policy initiatives putting the textile industry back on growth path. This buoyant mood stems from the series of measures taken by the Union Government to revive the fortunes of the Textile Industry. These measures ranging from giving a push to technical textiles to the PLI scheme, launch of mega textile parks to signing of FTA's and MoU's with many countries. The aim of the Government was to take the Textile Industry to new heights. The above steps have long term vision for the benefits of the Textile Industry. Over and above cotton, efforts were also made to enable growth momentum in other key sectors namely silk, jute, wool, handloom and handicrafts sectors.

Business Operations of the Company

The Company was incorporated on June 17, 2020 and has not carried any manufacturing, trading, or service activities during the financial year ended on 31st March 2023 due to pendency of the Scheme.

As of 1st April 2023, Textiles business of GHCL Limited (Demerged Company) has been demerged into GHCL Textiles Limited (Resulting Company).

Company's spinning business' modern manufacturing facilities comprise of 2.25 Lakh ring spindles, 3320 rotors, 5760 TFO spindles, and 5 Airjet Spinning (480 positions) located in Paravai in Madurai District and at Manaparai in Tiruchirapalli District in the state of Tamil Nadu. Additionally, this business had developed significant renewable assets comprising of 57 MW of wind and solar power in the state of Tamil Nadu.

The Company produces value-added yarn such as GIZA, SUPIMA, Australian, and CmiA Yarn for the domestic and international markets. The Company manufactures specialized products against tailor-made applications through specialized yarn, thereby enhancing the brand name through customer communication. The product basket has increased manifold, penetrating new markets for different applications to maintain sustainability. GHCL prioritizes traceability as per the needs of certain customers for authenticity and origin of premium cotton types such as Egyptian and Supima cotton, which will be continued in future.

GHCL placed great emphasis on establishing strategic business partnerships in both domestic and international markets, which had enabled our business unit to maintain a competitive edge and gradually expand.

Operational excellence is a cornerstone of GHCL's success, which will be further strengthened in years to come. The company's well-managed production process helps us to minimize waste and maximize productivity while maintaining a reliable supply chain for raw materials. Quality control is paramount, and the Company shall strive to deliver the best products to its customers. The company's dedication to worker safety and a clean work environment fosters a positive and productive workplace culture. Our organization has a strong commitment to green energy, and we have made significant progress in this towards goal of 75% of total energy requirement from renewal means.

Opportunity and Concerns

Business expansion of 40k spindles has positioned us well for medium-term benefits. As part of our commitment to increasing spindles capacity, we intend to expand our product basket, grow our value-added segment, realign our customer base, and achieve operational excellence. Additionally, we will continue to prioritize sustainability by deploying additional renewable energy sources to meet a minimum of 80% of our energy requirements from renewable assets. This approach underscores our belief in sustainability and innovation as the fundamental pillars of our strategy.

Despite the aforementioned growth initiatives, we acknowledge the existence of certain market challenges, including volatility in cotton prices and the availability of

high-quality cotton crops. We also anticipate headwinds in downstream segments, such as home textiles, while demand from the apparels and innerwear segment continues to recover. The domestic and Exports Textile markets may remain moderate for some more time. Furthermore, we anticipate that changes in trade policies and fluctuations in foreign exchange rates may impact the prices of imported cotton, potentially affecting our competitive position in the global market.

To maintain a sustainable and resilient business, we have adopted several key principles. These principles include cash conversion, in-depth knowledge of the cotton market, supply chain resilience, innovation, and a strong focus on customer satisfaction. These principles serve as critical enablers that set us apart from our competitors and contribute to our ability to sustainably grow and prosper in the future.

Details of Significant Changes in the Key Financial Ratios & Return on Net Worth

As per the Schedule V to the Listing Regulations read with Regulation 34(3) of the Listing Regulations, details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios and any changes in Return on Net Worth of the Company including explanations therefor need to be reported. This is not applicable to our Company.

Internal Controls and Risk Management

GHCL Textiles Limited has received a legacy of well-established framework of internal controls of the businesses and operations. The Company has adequate monitoring procedures and has appointed competent personnel to safeguard its assets, protect loss from unauthorized use or disposition ensuring reliably authorized, accurately recorded and transparently reported transactions. Establishment of highly efficient management information and reporting systems combined with robust corporate policies form the overall control mechanisms.

The Company conducts its business with integrity, high standards of ethical behavior and in compliance with all applicable laws and regulations that govern its business. To supplement the internal control mechanism, the Company is in the process of appointing external independent internal audit agencies to carry

out concurrent internal audit at all its locations for its business. Audit Committee of the Board of Directors has started to review the internal control systems on a regular basis to improve their effectiveness besides verifying statutory compliances. The Audit Committee shall meet periodically to discuss findings of the internal auditors along with the remedial actions (i.e. Action Taken Report). The statutory audits are conducted by globally recognized 'Big 4' audit agencies to ensure that the company's practices are in line with global best practices. A compliance management tool had also been adopted to ensure timely compliance with legal, financial, environmental, labour, governance, safety and other relevant regulations.

Apart from the above, the Company believes that Risk Management and Internal Audit functions complement each other to form an elaborate risk management system that evaluates the efficacy of the framework relating to risk identification and mitigation. The Company strives to adopt a de-risking strategy in its operations while making growth investments. This involves setting up and monitoring risks on a regular basis. GHCL Textiles Limited has voluntarily formed Risk & Sustainability Committee in line with the requirement of Regulation 21 of the Listing Regulations. The Company shall continue to adopt Risk Management in a well-defined, integrated framework, which promotes awareness of risks and an understanding of the Company's risk tolerances. The management monitors the internal control system, designed to identify, assess, monitor and manage risks, associated with the Company. Each risk is provided with different number of control measures depending upon its potential impact and probability of occurrence. The risk management framework incorporates both financial and non-financial risks.

Human Capital Management

The Company has not carried any manufacturing, trading, or service activities during the financial year ended on 31st March 2023 due to pendency of the Scheme. Hence, clause related to material developments in Human Resources and /or Industrial Relations front, is not applicable to our Company for the financial year 2022-23. As on March 31, 2023, number of people employed by GHCL Textiles Limited are only three including all categories.

Corporate Governance for the Financial Year ended March 31, 2023

(as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

The Scheme of Arrangement has become effective from April 1, 2023 ('Effective Date'). Hence, publication of Corporate Governance Report is not applicable to the Company for the financial year ended March 31, 2023. However, for the purpose of good Corporate Governance, the Board of Directors of the Company have decided to publish first Corporate Governance Report to its shareholders.

1. Company's Philosophy on Code of Corporate Governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. The Company continues to focus on good Corporate Governance, in line with the best practices in the areas of Corporate Governance.

Your Company believes that sustainable and long-term growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavour to achieve excellence in business along with active participation in the growth of society, building of environmental balances and significant contribution in economic growth.

The Governance for your Company means being true to own belief and constantly strengthening and increasing stakeholders' values and return on investment by adopting principles of transparency, accountability and adherence of committed value creation principles. We are firm in the belief that Corporate Governance means commitment for achievement of value based growth and meeting the commitment within the predefined time frame without compromising with ethical standards, set paradigms, transparency in transactions and fixing of accountability.

In order to strengthen corporate governance practices, company had adopted a code of conduct for Employees and Other Stakeholders, Policy on Board Diversity, Policy for determination of materiality, Policy on succession plan for appointment to the Board and Senior management, Whistle Blower Policy, Risk Management Policy, Policy on preservation of documents and Archival Policy, Policy for determining Material Subsidiary, Dividend Distribution Policy, Policy on Materiality and dealing with Related Party Transactions, Nomination & Remuneration Policy and Supplier's Code of Conduct etc. of the Company. These policies and code of conduct are available on the website of the Company. The Company's corporate governance philosophy shall be further strengthened through the code of practices and procedures for fair disclosures of unpublished price sensitive information and Code of Conduct to Regulate, Monitor and Report Trading by Designate Persons pursuant to SEBI (Prohibition of Insiders Trading) Regulations, 2015. The Company is in compliance with the conditions of corporate governance as required under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

2. Board of Directors

The Company understands that good and quality governance is a powerful competitive differentiator and critical to economic and social progress. The "Board", being the trustee of the Company, responsible for the establishment of cultural, ethical and accountable growth of the Company, is constituted with a high level of integrated, knowledgeable and committed professionals. The Board of the Company is independent in making its decision and also capable and committed to address conflict of interest and impress upon the functionaries of the Company to focus on transparency, accountability, probity, integrity, equity and responsibility. Apart from that the Board also discharges its responsibilities / duties as mentioned under the provisions of Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred as Listing Regulations) and other applicable laws.

Role and responsibilities of Board of Directors is also extended towards strengthening of CSR activities and sustainability of the business. In addition to the above, Board is also responsible for the following:

- (i) To play an oversight role with an objective to ensure that companies have systems in place to effectively manage key risks, including the potential for reputational harm and legal liability associated with adverse social and environmental impacts.
- (ii) To establish and reinforce an overarching set of expectations with regard to the short- and long-term management of social and environmental risks.
- (iii) To make strategies on CSR and developing framework for its implantation.
- (iv) To ensure that the executive management has complied with the applicable statutory compliances related to CSR and other applicable laws.

2.1 Composition:

The Composition of the Board as on March 31, 2023 is given herein below:

COMPOSITION OF BOARD OF DIRECTORS AS ON MARCH 31, 2023			
Category	Name of Directors	No. of Directors	% of total number of Directors
Promoter Director	Mr. Neelabh Dalmia – Non-Executive Director	1	16.67%
Independent Directors*	Mrs. Vijaylaxmi Joshi (Ex-IAS)	3	50.00%
	Dr. Manoj Vaish		
	Mr. Arun Kumar Jain (Ex-IRS)		
Non-Executive Director	Mr. R S Jalan	2	33.33%
	Mr. Raman Chopra		
	TOTAL NO. OF DIRECTORS	6	100%

Note:

1. During the year, Board of Directors of the Company in their meeting held on March 6, 2023 had appointed Dr. Manoj Vaish, Mrs. Vijaylaxmi Joshi and Mr. Arun Kumar Jain as Additional Directors in the category of Independent Directors and they hold office of Directors upto the date of ensuing AGM. However, proposal to appoint them for a period of two years are placed in the AGM notice.
2. During the year, Board of Directors of the Company in their meeting held on March 6, 2023 had appointed Dr. Manoj Vaish, Mrs. Vijaylaxmi Joshi and Mr. Arun Kumar Jain as Additional Directors in the category of Independent Director and they hold office of Directors upto the date of ensuing AGM and being eligible, offer themselves for appointment. All the necessary information required under Regulation 36 (3) of the Listing Regulations has been provided under the notice of the Annual General Meeting (AGM).

The Board of GHCL Textiles Limited is having an optimum combination and the Board consists of six Non - Executive Directors including one woman independent director. Executive functions of the Company are being discharged by the Key Managerial Personnel (KMP) of the Company, who are not members of the Board but KMPs are regularly attending Board / Committee meetings to apprise the Board members about the functioning of the Company. The Company is having all Non-Executive Directors and directors themselves elect one among them as chairman in the respective Board Meeting and there is no permanent Chairman of Board of Directors of the Company and hence the requirement that at least half of the Board shall consist of Independent Directors is complied with as the Company has three Independent Directors. All the Non-Executive Directors, including

Independent Directors, play a critical role in imparting balance to the Board processes by bringing independent judgement in issues of strategy, performance, resource allocation, compliance of code of conduct and standards of the Company's conduct etc.

All the Independent Directors are considered by the Board to be independent in character and judgment of the management of the Company and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment.

The Board of Directors meets regularly to review strategic, operational and financial matters and has a formal schedule of matters reserved for its decision. It approves the interim and preliminary financial statements, budget, the annual financial plan, significant contracts and capital investment along with strategic decisions like Restructuring of Business, Debt and Human Resources etc. Wherever appropriate, the Board delegates its authority to Committees of Directors like Banking & Operations Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, Audit Committee, CSR Committee and Risk Management Committee. Information is provided to the Board in advance of every meeting and the Chairman ensures that all Directors are properly briefed on the matters being discussed. The Board reviews compliance reports of applicable laws in the Board meetings and also deliberates the compliance of code of conduct for Board Members and Senior Management.

With an objective to ensure maximum presence of our Directors in the Board Meeting, dates of the Board Meeting are fixed in advance after consultation with individual directors and consideration of their convenience. The agenda and explanatory notes are circulated to the Directors at least seven days before the meeting. Wherever it is not practicable to attach any document to the agenda, the same is circulated before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item on the agenda is permitted after obtaining permission of the Chairman of the meeting and with the concurrence of Independent Directors. During the financial year ended March 31, 2023, a total of six Board Meetings were held on April 30, 2022, July 28, 2022, October 31, 2022, January 2, 2023, March 6, 2023 and March 16, 2023 through Video Conferencing (VC) or Other Audio Visual Means (OAVM). The gap between any two Meetings is not more than 120 days, ensuring compliance with the requirement of Regulation 17 of the Listing Regulations and the Companies Act 2013. The attendance of Directors at the Board Meeting held during the financial year ended March 31, 2023 is given herein below:

Sl. No.	Name	Date Of Board Meeting & Attendance						AGM Attendance (June 29, 2022)
		April 30, 2022	July 28, 2022	October 31, 2022	January 2, 2023	March 6, 2023	March 16, 2023	
1	Dr. Manoj Vaish	NA	NA	NA	NA	NA	Yes	NA
2	Mrs. Vijaylaxmi Joshi, (Ex-IAS)	NA	NA	NA	NA	NA	Yes	NA
3	Mr. Arun Kumar Jain, (Ex-IRS)	NA	NA	NA	NA	NA	Yes	NA
4	Mr. R. S. Jalan	Yes	Yes	Yes	Yes	Yes	Yes	Yes
5	Mr. Raman Chopra	Yes	Yes	Yes	Yes	Yes	Yes	Yes
6	Mr. Neelabh Dalmia	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note:

1. The word N/A denotes that person was not a member of the Board of the Company at the date of the relevant Board Meeting.
2. During the year, Board of Directors of the Company in their meeting held on March 6, 2023 had appointed Dr. Manoj Vaish, Mrs. Vijaylaxmi Joshi and Mr. Arun Kumar Jain as Additional Directors in the category of Independent Director and they hold office of Directors upto the date of ensuing AGM and being eligible, offer themselves for appointment. All the necessary information required under Regulation 36 (3) of the Listing Regulations has been provided under the notice of the Annual General Meeting (AGM).
3. Mr. Raman Chopra, director retiring by rotation and are eligible for re-appointment. All the necessary information required under Regulation 36 (3) of the Listing Regulations has been provided under the notice of the Annual General Meeting (AGM).

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. Further, none of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees as specified in Regulation 26 (1) of the Listing Regulations across all the listed Companies in which he/she is a Director. The necessary disclosure regarding Directorship and Committee positions have been made by the Directors who are on the Board of the Company as on March 31, 2023 and the same is reproduced herein below:

Sl. No.	Name of the Director	Director Identification Number (DIN)	No. of Directorship in other Indian Public Limited Companies*	No. of committee positions held as Chairman in other Public Companies**	No. of Committee positions held as Member in other Public Companies**	No. of Equity Shares of GHCL Textiles Limited held by the Director #
1	Dr. Manoj Vaish	00157082	3	2	0	-
2	Mrs. Vijaylaxmi Joshi	00032055	3	-	2	-
3	Mr. Arun Kumar Jain	07563704	4	1	3	-
4	Mr. R S Jalan	00121260	2	-	-	1
5	Mr. Raman Chopra	00954190	2	-	-	1
6	Mr. Neelabh Dalmia	00121760	2	-	-	1

Note:

As on March 31, 2023, Mr. R S Jalan, Mr. Raman Chopra and Mr. Neelabh Dalmia were holding 1 share each of GHCL Textiles Limited as Nominee of GHCL Limited. In terms of provisions of Clause 7.2.4 of the Scheme of Arrangement between the GHCL Limited (Demerged Company) and GHCL Textiles Limited (Resulting Company) existing issued, subscribed and paid up equity share capital of Rs.100000/- (Rupees One Lakh only) comprising 50,000 (Fifty Thousand only) equity shares of the Company having face value of Rs. 2/- (Rupees Two only) each held by the GHCL Limited in GHCL Textiles Limited, stand cancelled w.e.f. April 1, 2023, pursuant to the order of the Hon'ble NCLT, Ahmedabad.

* In accordance with the relevant conditions of Regulation 26 of the Listing Regulations, the limit on the number of directorship and chairmanship/member of committees excludes Private Limited Companies, Foreign Companies, and Companies under Section 8 of the Companies Act, 2013. This exclusion aligns with the requirements of the regulation.

The names of the listed companies, along with the categories of directorship, in which any of the directors mentioned above hold positions as directors, are provided under the respective Director's profile.

** In order to determine the limit of committees, only the chairmanship/membership of the Audit Committee and the Stakeholders' Relationship Committee have been taken into consideration. This approach allows for a focused evaluation of the director's committee roles in line with regulatory requirements. The Company remains committed to adhering to corporate governance principles and maintaining transparency in its directorship positions and committee memberships.

During the financial year ended March 31, 2023, the Company has not entered into any material transactions with its Non-Executive Directors. The Company has also received declaration from Independent Directors confirming their independence as well as confirmation that "he / she is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his / her ability to discharge his / her duties with an objective independent judgement and without any external influence". Accordingly, requirement of Section 149(6) of the Companies Act, 2013 read with Regulation 16(1) (b) & 25 (8) of the Listing Regulations are duly complied with.

The Audit Committee of the Board of the Company has reviewed the financial statements of the Company.

At present, Company do not have any subsidiary, hence, provisions related to appointment of an Independent Director of the Company on the Board of the Indian Subsidiaries is not applicable to the Company.

During the year, the Board of Directors in their meeting held March 6, 2023 had constituted various Committees of the Board and Board of Directors are accepted all the recommendations of the Committees of the Board, which were statutory in nature and required to be recommended by the Committee and approved by the Board

of Directors. Hence, the Company is in compliance of condition of clause 10 (j) of schedule V of the SEBI Listing Regulations.

2.2 Independent Directors' Meeting

Scheme of Demerger of Spinning division of GHCL Limited (i.e. Demerged Company) to GHCL Textiles Limited (i.e. Resulting Company) was effective from April 1, 2023 after filing of Hon'ble NCLT order for sanctioning the scheme and thereafter both the Stock Exchanges (i.e. BSE & NSE) had granted their final listing and trading approval for listing shares of GHCL Textiles Limited on June 8, 2023 and trading of shares started from June 12, 2023.

During the year, Board of Directors in their meeting held on March 6, 2023 had appointed Independent Directors and holding of meeting of Independent Directors are not applicable on the Company. Accordingly, meeting of Independent Directors was not held during the financial year 2022-23.

2.3 Familiarisation Programme for Independent Directors

The Company has a familiarisation programme for its Independent Directors. The objective of the programme is to familiarise the Independent Directors to enable them to understand the Company, its operations, business, industry and environment in which it functions and the regulatory environment applicable to it. At the time of appointment of a Director (including Independent Director), a formal letter of appointment is given to him, which inter alia explains the role, function, duties and responsibilities expected of him as a Director of the Company. The Director is also explained the compliance required from him / her under the Companies Act, 2013, Listing Regulations and other applicable laws. The management of the Company also has a one to one discussion with the newly appointed Director to familiarize him with the Company's operations. On the request of the individual director, site visits to various plant locations will be organized by the company for the directors to enable them to understand the operations of the company. Further, on an ongoing basis as a part of Agenda of Board & Committee meetings, presentations are regularly made on various matters inter alia covering the Company's business and operations, industry and regulatory updates etc.

The details of familiarisation programmes for Independent Directors are available on the Company's website: <https://ghcltextiles.co.in/wp-content/uploads/2023/02/Familiarisation-Programme-for-Independent-Directors.pdf>

2.4 Directors' Profile:

The brief profile of each Director of the Company is given below:

Mrs. Vijaylaxmi Joshi (Ex-IAS)

Mrs. Vijaylaxmi Joshi (DOB – August 1, 1958) is a Non-Executive Independent Director of the Company. The Board of Directors in their meeting held on March 6, 2023 had appointed her as an additional director in the category of Independent Director. Mrs. Vijaylaxmi Joshi is a 1980 batch IAS officer of the Gujarat cadre and she had served in various posts in the State and in the Centre including Joint and Additional Secretary in the Commerce Ministry; Secretary in the Ministry of Panchayati Raj. She had also been appointed as Officer on Special Duty in the Ministry of Drinking Water and Sanitation. Lastly, she was head of the Swachh Bharat Abhiyan, the Clean India programme. Under State level, she had also been deputed as Managing Director of Government Company such as Gujarat Mineral Development Corporation Ltd. At present, Mrs. Joshi is Director on the Board of Adani Enterprises Limited and GHCL Limited. Mrs. Joshi is Chairperson of the Nomination & Remuneration Committee and CSR Committee of the Company and member of the Audit Committee of the Company.

Mrs. Joshi is Chairperson of the Nomination & Remuneration Committee and member of CSR Committee, Audit & Compliance Committee of GHCL Limited and member of audit committee, NRC Committee and CSR Committee of Adani Enterprises Limited. Mrs. Joshi is neither a member of more than 10 Committees nor a Chairperson of more than 5 Committees. She does not hold any shares in the Company.

Dr. Manoj Vaish

Dr. Manoj Vaish (DOB – May 24, 1961) is a Non-Executive Independent Director of the Company. The Board of Directors in their meeting held on March 6, 2023 had appointed him as an additional director in the category of Independent Director. Dr. Vaish is B.Com. (Hon.) from S.R.C.C. and M.B.A. (Major-Finance) from F.M.S., Delhi University and also Ph.D. He was awarded Dr. J. C. Ghosh Gold Medal for his MBA Examination. Dr. Vaish is having very rich experience of finance, forex and securities market and had served various organisations including BSE, Dun & Bradstreet, Deutsche Bank, NSDL Database Management Ltd. etc. He is also having good exposure of Financial Educations & Training, Sales & Marketing, Risk Management, Credit Ratings and e-governance etc. As on March 31, 2023.

Dr. Manoj Vaish serves as a Director on the Board of Mirae Asset Trustee Company Private Limited, Anand Rathi Financial Services Limited, and GHCL Limited. However, subsequent to the closure of financial year end, Dr. Vaish has resigned from the Board of Anand Rathi Financial Services Limited with effect from July 15, 2023. He is chairman of the Audit Committee and member of the Nomination & Remuneration Committee of the Company.

He is Chairman of Audit & Compliance Committee and Member of Nomination & Remuneration Committee of GHCL Limited and Member of Audit Committee of Mirae Asset Trustee Company Pvt. Ltd. Dr. Manoj Vaish is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees He does not hold any shares in the Company.

Mr. Arun Kumar Jain (Ex-IRS)

Mr Arun Kumar Jain, IRS (DOB – January 4, 1956) and M. Sc., LL.B is a Non-Executive Independent Director of the Company. The Board of Directors in their meeting held on March 6, 2023 had appointed him as an additional director in the category of Independent Director. Mr. Jain is a retired Indian Revenue Service (IRS) officer and he had served in various posts under Department of Revenue including Chairman of Central Board of Direct Taxes. He is having a vast knowledge and experience in the field of taxation. Mr. Jain is Chairman of the Stakeholders' Relationship Committee & Risk Management Committee of the Company and member of Audit Committee of the Company.

Mr. Jain is Director on the Board of GHCL Limited, M R Technofin Consultant Pvt. Ltd., West End Housing Finance Ltd., West End Investment and Finance Consultancy Pvt. Ltd and Sahara India Life Insurance Limited. Subsequent to the closure of financial year end, Mr. Jain has resigned from the Board of West End Housing Finance Ltd., and West End Investment and Finance Consultancy Pvt. Ltd., with effect from May 15, 2023.

Mr. Jain is Chairman of the Risk Management Committee of GHCL Limited and member of Audit & Compliance Committee, Stakeholder's Relationship Committee of GHCL Limited, Audit Committee of M R Technofin Consultant Pvt. Ltd. and Sahara India Life Insurance Limited. Mr. Jain is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He does not hold any shares in the Company.

Mr. R S Jalan

Mr. R S Jalan (DOB - October 10, 1957) is Non-Executive Director of the Company. He is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India and having a very wide experience in Corporate Finance and Textiles business. Mr. R S Jalan has more than three decades of Industrial experience. He is a member

of Stakeholders Relationship Committee, Banking & Operations Committee, CSR Committee and Risk Management Committee of the Company.

At present, Mr. Jalan is a Director on the Board of GHCL Limited, Sachin Tradex Pvt. Ltd, India Hostels Pvt. Ltd and Sumedha Worldwide and member of CSR Committee, Stakeholders Relationship Committee, Banking & Operations Committee and Risk Management Committee of GHCL Limited. Mr. Jalan is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He does not hold any shares in the Company.

Mr. Raman Chopra

Mr. Raman Chopra (DOB – November 25, 1965) is Non-Executive Director of the Company. He is a graduate in Commerce and Fellow member of Institute of Chartered Accountants of India. Mr. Chopra is having wide experience in Corporate Finance and Textiles. Mr. Chopra has more than three decades of Industrial experience. He is a member CSR Committee, Stakeholders Relationship Committee, Banking & Operations Committee and Risk Management Committee of the Company.

At present, Mr. Chopra is a Director on the Board of GHCL and member of CSR Committee, Stakeholders Relationship Committee, Banking & Operations Committee and Risk Management Committee of GHCL Limited. Mr. Chopra is neither a member of more than 10 Committees nor a Chairman of more than 5 Committees. He does not hold any shares in the Company.

Mr. Neelabh Dalmia

Mr. Neelabh Dalmia (DOB – August 16, 1983) is Non-Executive Director of the Company. He holds a Master of Business Administration (MBA) and a Bachelor's of Science in Business Administration majoring in Finance & Entrepreneurship from the Kelley School of Business at Indiana University, USA.

Mr. Neelabh Dalmia is a member of member CSR Committee, Stakeholders Relationship Committee, Banking & Operations Committee and Risk Management Committee of the Company.

Mr. Dalmia is Executive Director of GHCL Limited and member of CSR Committee, Stakeholders Relationship Committee, Banking & Operations Committee and Risk Management Committee of GHCL Limited

A passionate wildlife photographer, he spends his spare time traveling to India's forests with unique animal and bird habitats. His concern for the environment and the increasing inequity in Indian society led him to mentor and initiate extensive corporate social responsibility (CSR) programmes. He thinks CSR for any company will create immense value in the long run for the company via smoother functioning through local partnerships and generate tremendous economic and social value for the country.

Mr. Neelabh Dalmia holds the position of Co-Chairman of the International Affairs Committee for ASEAN East Asia & Oceania at the PHD Chamber of Commerce and Industry (PHDCCI). The PHDCCI, an esteemed industry chamber of India, has been actively advocating for policies and regulations to contribute to India's growth story since its establishment in 1905. Mr. Dalmia's involvement in this role further underscores his commitment to public policy, advocacy, and fostering international collaborations.

3. Committees of the Board

(i) Audit Committee

The Board of Directors had constituted the Audit Committee in their meeting held on March 6, 2023 and as on March 31, 2023, there were three independent directors having expertise in financial and accounting areas, as members of the Committee. Audit Committee of the Board has been constituted as per Section 177 of the

Companies Act, 2013 and Regulation 18 of the Listing Regulations. Mr. Lalit Narayan Dwivedi, Secretary of the Company acts as Secretary to the Committee. The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence and performance of the statutory auditors and the internal auditors.

Terms of Reference:

The role of the Audit Committee shall include the following:

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fee and also approval for payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- c. Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;
 - Matters required to be included in the Director's Responsibility statement to be included in the Board's Report in terms of Section 134(3)(c) of the Companies Act, 2013
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgement by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Modified opinion(s) in the draft audit report.
- d. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- e. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendations to the Board to take up steps in this matter.
- f. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- g. Approval or any subsequent modification of transactions of the company with related parties;
- h. Scrutiny of inter-corporate loans and investments;
- i. Valuation of undertakings or assets of the company, wherever it is necessary;
- j. Evaluation of internal financial controls and risk management systems;
- k. Reviewing with the management, performance of the statutory and internal auditors' and adequacy of internal control systems.

- l. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- m. Discussion with internal auditors any significant findings and follow up there on.
- n. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- o. Discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- p. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- q. To review the functioning of the Whistle Blower mechanism;
- r. Approval of appointment of Chief Financial Officer after assessing the qualifications, experience & background, etc. of the candidate.
- s. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- t. Recommending to the Board, the appointment / reappointment of the Cost Auditors and Secretarial Auditor.
- u. Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
- v. Review the adequacy of the compliance monitoring system
- w. Assists the Board in relation to the company's compliance and its value system
- x. Engage in the process evaluating, developing, recommending and implementing strategy, policy, procedures, processes, code of conduct, standards in respect of compliance and its value system.
- y. Any other activities as per the requirement of Regulation 18 of the Listing Regulations and applicable provisions of the Companies Act, 2013.

Executive summary of the Audit Committee Meetings is placed before the immediate next Board Meeting held after the Audit Committee Meetings for deliberation and the full minutes of the same are placed before the following Board Meeting for record. The Chairman of the Audit Committee apprises the Board on the recommendations made by the Committee. Dates of the Audit Committee Meetings are fixed in advance and agenda along with explanatory notes are circulated at least seven days before the meeting. Wherever it is not practicable to attach any document to the agenda the same is tabled before the Meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. In certain emergency situation and /or to maintain the price sensitivity of the transaction, Audit Committee meeting is convened on shorter notice after complying necessary requirement for the same. During the financial year ended March 31, 2023, No Meeting of the Audit Committee of the Company was required to be held. The Composition of Audit Committee and attendance of members at the meetings are given herein below:

	Name of the Audit Committee members		
	Dr. Manoj Vaish – Chairman	Mrs. Vijaylaxmi Joshi	Mr. Arun Kumar Jain (Ex-IRS)
Category	Non-Executive -Independent Director (Expertise in Finance, account, forex, tax and securities market)	Non-Executive-Independent Director - (Ex –IAS) (Expertise in administration, finance & taxation, CSR)	Non-Executive -Independent Director (Expertise in Finance, accounts, taxation & sustainability)
Date of the Meeting	NA	NA	NA
Whether attended Last AGM (Yes/No)	NA	NA	NA

Note: The Board of Directors had constituted the Audit Committee in their meeting held on March 6, 2023.

The Company has complied with the requirements of Regulation 18 of the Listing Regulations as regards composition of the Audit Committee. Dr. Manoj Vaish, an esteemed expert in Finance and Accounting, with a wealth of knowledge in areas such as forex and securities market. Dr. Vaish's expertise and experience contribute significantly to the committee's effectiveness.

As required under Regulation 18 (3) of the Listing Regulations, the Audit Committee will review the following information:

- Management Discussion and Analysis of financial condition and results of operations.
- Management letter(s)/letters of Internal control, weaknesses issued by the Statutory Auditors.
- Internal Auditor's Reports relating to internal control weaknesses and
- Appointment, removal and terms of remuneration of the Chief internal auditors.
- Statement of deviations:
 - Quarterly statement of deviation(s) including report of monitoring agency, if applicable, in terms of Regulation 32 (1):- **Not applicable**
 - Annual statement of funds utilised for purposes other than those stated in the offer document/Prospectus/ notice in terms of Regulation 32 (7):- **Not applicable**

(ii) Nomination & Remuneration Committee:

The Company is transparent in compensation policy of Directors. The Nomination & Remuneration Committee of the Company was constituted by the Board of Directors in their meeting held on March 6, 2023. Nomination & Remuneration Committee of the Board is constituted as per Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations. As on March 31, 2023, Nomination & Remuneration Committee comprises of three Independent Directors and also the Chairman of this Committee is an Independent Director and Mr. Lalit Narayan Dwivedi, Secretary of the Company acts as Secretary to the Committee.

In line with the requirement of Section 178(2) of the Companies Act, 2013 read with Regulation 19(4) of the Listing Regulations, the Nomination and Remuneration Committee shall be responsible for following activities:

1. To identify persons who are qualified:

- (a) to become directors and

- (b) who may be appointed in senior management in accordance with the criteria laid down by the company. The expression “senior management” means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
2. To recommend to the Board the appointment and removal of person identified under point (1) above.
 3. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
 4. To devise a policy on diversity of Board of Directors.
 5. To formulate the criteria for evaluation of performance of Independent Directors and Board of Directors.
 6. To decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
 7. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
 8. Any other activities as per the requirement of Regulation 19 of the Listing Regulations and the Companies Act, 2013.

During the financial year ended March 31, 2023, no meeting of the Nomination and Remuneration Committee was required to be held.

The composition of Nomination & Remuneration Committee (NRC) as on March 31, 2023 is as under:

Nomination & Remuneration Committee		
Sl. No.	Name of Directors	Status
1	Mrs. Vijaylaxmi Joshi	Chairperson
2	Dr. Manoj Vaish	Member
3	Mr. Arun Kumar Jain	Member

Remuneration Policy:

The Nomination & Remuneration Policy of the Company has been posted on the website of the Company. The Company’s Compensation Policy and Practices have been formulated and maintained to meet the following objectives:

1. To attract, retain and motivate qualified and competent individuals at Director, Key Managerial personnel and other employee levels to carry out company’s business operations as assigned to them.
2. To ensure payment of salaries and perks that are comparable to market salary levels so as to remain competitive in the industry.
3. To revise the remuneration of its employees periodically for their performance, potential and value addition after systematic assessment of such performance and potential.
4. To ensure disbursement of salary and perks in total compliance to the applicable statutory provisions and prevailing tax laws of the Country.

In order to meet the above objectives the company undertakes various processes in an ongoing manner such as conducting of salary survey's, periodic review of its performance appraisal and reward systems, institution of incentive schemes, providing skill and competency development to its manpower on a regular basis, providing fast track career growth paths to high performers, modification of salary structure in line with the changes in the tax laws etc.

With regard to the annual revision of the employees, respective reporting managers assess the performance of employees. However the authority for reviewing the performance and reward rests with the Nomination and Remuneration Committee of the Board of Directors of the company. In this assessment, the performance, potential and value addition to the company are assessed as per the policy of the Company.

Additionally, in order to get best talent from the market and retain them for longer period, company has a policy to pay compensation better than prevailing market practice to deserving candidates. In any circumstance, remuneration shall not be less than prevailing market trend.

In addition to the above, remuneration to directors, key managerial personnel, and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. Payment of remuneration to the Chief Executive Officer and Chief Financial Officer are governed by the policy of the Company. Their Remuneration structure comprises salary, perquisites and allowances, contribution to Provident Fund and Superannuation Fund and premium on Gratuity Policy etc.

The Non - Executive Directors including Independent Directors do not draw any remuneration from the Company other than the sitting fee and such commission as may be determined by the Board from time to time within the overall approval given by the shareholders in the ensuing Annual General Meeting and pursuant to the relevant provisions of the Companies Act, 2013. The commission payable to the Non - Executive Directors is limited to a fixed amount per year as determined and approved by the Board, the sum of which is within the limit of 1% of net profit for the year, calculated as per the provisions of the Companies Act, 2013. However, Mr. R S Jalan, Mr. Raman Chopra and Mr. Neelabh Dalmia, being Whole Time Directors in GHCL Limited and Non-Executive Directors of GHCL Textiles Limited, have voluntarily offered, not to take any sitting fees from GHCL Textiles Limited for attending meetings of Board and Committees thereof.

During the financial year 2022-23, the Company paid sitting fees of Rs. 15,000 per meeting to the Independent Directors for attending each meeting of the Board.

The actual amount of commission payable to each Non - Executive Director is decided by the Board, upon recommendation of the Nomination & Remuneration Committee, on the following criteria: -

- Attendance and time spent in the board meeting, audit committee meeting, nomination & remuneration committee meeting, CSR committee meeting and risk management committee meeting during the financial year;
- Outcome of the evaluation process;
- Role and Responsibility as Chairman and /or Member of the Board / Committee;
- Individual contribution at the meetings and contribution made by directors other than in the meetings;

During the financial year 2022-23, there was no business operations and accordingly the Company has not paid any commission to the directors.

The Board of Directors in their meeting held on March 6, 2023 approved the payment of Sitting Fees as follows:

Board Meeting : Rs. 15,000/- (Rupees Fifteen Thousand) per meeting.

Audit Committee, NRC, CSR Committee, Risk Management Committee, Separate Meeting of the Independent Directors: Rs. 5,000/- (Rupees Five Thousand) per meeting.

Details of sitting fee paid/payable to the Directors of the Company for the financial year ended March 31, 2023 are given below:

Non- Executive Directors	
Name	Sitting Fees
Dr. Manoj Vaish	15000
Mrs. Vijaylaxmi Joshi	15000
Mr. Arun Kumar Jain	15000
Mr. R S Jalan	0
Mr. Raman Copra	0
Mr. Neelabh Dalmia	0
TOTAL	

Note: Mr. R S Jalan, Mr. Raman Chopra and Mr. Neelabh Dalmia, being Whole Time Directors in GHCL Limited and Non- Executive Directors of GHCL Textiles Limited, have voluntarily offered, not to take any sitting fees from GHCL Textiles Limited for attending meetings of Board and Committees.

(iii) Stakeholders Relationship Committee:

In line with the requirement of Section 178(6) of the Companies Act, 2013 read with Regulation 20(4) of the Listing Regulations, the Stakeholders Relationship Committee shall be responsible for following activities:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent (RTA).
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

The Board had constituted the Stakeholders Relationship Committee, which meets the requirement of Section 178(5) of the Companies Act, 2013 read with Regulation 20(2) & (2A) of the Listing Regulations. The Committee look into various aspects of the interest of the shareholders. The committee expedite the process of redressal of complaints like non-transfer of shares, non-receipt of Balance Sheet, non-receipt of declared dividends, etc. The committee regularly viewed the complaints filed online at SEBI Complaints Redressal

System (SCORES) and action taken report (ATR) thereon. During the financial year 2022-23, no meeting of Stakeholder Relationship Committee was held.

The composition of Committee as on March 31, 2023 is as under:

Sl. No.	Name of Directors	Status
1	Mr. Arun Kumar Jain	Chairman
2	Mr. R S Jalan	Member
3	Mr. Raman Chopra	Member
4	Mr. Neelabh Dalmia	Member

The Stakeholders Relationship Committee is empowered to review the summary of the complaints received and also to take appropriate action promptly. No requests for share transfer or payment of dividend are pending apart from those that are disputed or sub-judice.

Mr. Lalit Narayan Dwivedi, Company Secretary of the Company is the Secretary to the Committee and also the Compliance Officer of the Company.

(iv) Banking and Operations Committee

The Board of Directors in their meeting held on March 6, 2023 had constituted the Banking and Operations Committee to expedite the day to day functioning and exercise of delegated powers of the Board. This Committee meets as per the requirement of business, to expedite all matters relating to operations and granting authority for various functional requirements such as issue of Power of Attorney, arranging / negotiating of term loans, working capital loan, short term loan, dealings with Central / State Governments including their agents and various statutory / judicial / regulatory / local / commercial / excise / customs / port / sales tax / income tax / electricity board etc. and other authorities on behalf of the Company in line with the delegated authority of Board of Directors from time to time.

The composition of the Banking and Operations Committee as on March 31, 2023 is as under:

Sl. No.	Name of directors	Status
1	Mr. R S Jalan – Non-Executive Director	Member
2.	Mr. Raman Chopra – Non-Executive Director	Member
3	Mr. Neelabh Dalmia – Non-Executive Director	Member

(v) Corporate Social Responsibility (CSR) Committee & CSR activities

Pursuant to requirement of Section 135 of the Companies Act, 2013, the Board of Directors had constituted the Corporate Social Responsibility (CSR) Committee in their meeting held on March 6, 2023. This Committee was constituted to strengthen and monitor CSR policy of the Company. Further, CSR Committee of the Board meets the criteria prescribed by Section 135 of the Companies Act, 2013, which states that every CSR Committee of the Board shall be consisting of three or more directors, out of which at least one director shall be an Independent Director.

The Board of Directors of GHCL Textiles Limited through CSR Committee / GHCL Foundation Trust / management is responsible for following CSR related activities:

- To approve CSR strategies, budgets, plans and corporate policies;
- To approve CSR's risk management strategy and frameworks and monitoring their effectiveness;
- Considering the social, ethical and environmental impact of CSR's activities and monitoring compliance with CSR's sustainability policies and practices;
- To review the CSR activities undertaken during the financial year;
- To review and modify the approved budget based on the progress report of GHCL Foundation Trust as recommended by CSR Committee from time to time;
- Inclusion and modification of CSR activities based on the survey conducted by the independent agency and impact assessment analysis with respect to CSR activities undertaken by the Company;
- To empower CSR committee and Chief Executive Officer for taken appropriate steps with an objective to achieve CSR goal determined by the Board;
- To ensure that company shall respect human rights concern throughout its operations and if required develop a framework for managing, mitigating and preventing adverse human rights impacts;
- Reconstitution of CSR Committee as and when required depending upon the vacancy in CSR Committee;
- To review of the progress report of CSR Activities;
- Giving of directions for effective implementation of CSR projects.

All CSR activities of GHCL Textiles Limited will be carried out by a dedicated team engaged in the GHCL Foundation Trust and progress will be monitored by the management every month. The CSR activities will be carried out throughout year. The thrust areas are Water Resource, Sanitation, Health & Hygiene, Agro based livelihood, Animal Husbandry, Education, Women Empowerment, Skill development etc.

During the financial year ended March 31, 2023, the CSR Committee meeting was not required to be held. The composition of the Corporate Social Responsibility Committee as on March 31, 2023 is as under:

Corporate Social Responsibility (CSR) Committee		
Sl. No.	Name of the Directors	Status
1	Mrs. Vijaylaxmi Joshi	Chairperson
2	Mr. R S Jalan	Member
3	Mr. Raman Chopra	Member
4	Mr. Neelabh Dalmia	Member

(vi) Risk Management Committee

In compliance with the provisions of Regulation 21 of the Listing Regulations and other applicable provisions, if any, the Board of Directors in their meeting held on March 6, 2023 had constituted the Risk Management Committee. The Company satisfies the requirement of Regulation 21 of the Listing Regulations, which states that the majority of Committee shall consist of members of the Board of Directors; senior executives of the Company may be members of the said committee but Chairman of the Risk Committee shall be member of the Board of Directors. The Company is having well defined Risk Management Policy and Risk Management Framework. Risk Management Policy of the Company has been posted on the website of the Company.

The composition of the Risk Management Committee as on March 31, 2023 is as under:

Sl. No.	Name of the Directors	Status
1	Mr. Arun Kumar Jain	Chairman
2	Mr. R S Jalan	Member
3	Mr. Raman Chopra	Member
4	Mr. Neelabh Dalmia	Member

Risk Management Framework

Details of Risk management framework is as given below;

- (1) To formulate a detailed risk management policy which shall include:
 - a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
 - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) To review of appointment, removal and terms of remuneration of the Chief Risk Officer (if any) in line with the SEBI LODR regulations.
- (7) Advise sustainable strategy and policy on climate change, health, safety and environment, social and community matters;
- (8) Ensure appropriateness of the Sustainability management systems and frameworks.
- (9) Ensure effectiveness of the company's external reporting of sustainability performance and its participation in external benchmarking indices.
- (10) Ensure that a safe and healthy working environment is a primary objective and is fundamental to the Company's business operations;
- (11) Keep upto date with Environmental, Social and Governance (ESG) best practices and thought leadership.
- (12) Responsible for the oversight of diversity & inclusion (D&I) matters, people and community engagement and monitoring of corporate culture in support of the company's purpose and values, reporting to the Board on such matters as appropriate.

- (13) Balance non-financial targets and commitments with the sustainability strategy with the delivery of financial value for shareholders and other stakeholders.
- (14) Monitor and review changes in the company's reputation and its stakeholders' expectations on sustainability and ensure the Board is kept appropriately informed;
- (15) Bring best practice thinking and ongoing awareness of global developments in sustainability.
- (16) Any other activities as per the requirement of the Listing Regulations and /or the Companies Act, 2013 and other applicable provisions or suggested norms, if any.

4. General Body Meeting:

- a) Annual General Meetings:** The last two Annual General Meetings (AGM) of the Company were held within the Statutory Time period and the details of the same are reproduced herein below:

Financial Year	Date	Time	Venue / Mode
2021-22	June 29, 2022	10.00 A.M.	Through Video Conferencing (VC) or Other Audio Visual Means (OVAM)
2020-21	June 18, 2021	10.00 A.M.	Through Video Conferencing (VC) or Other Audio Visual Means (OVAM)

(b) Special Resolutions:

The information regarding Special Resolution passed in the previous two Annual General Meetings are **NIL**

(c) Extraordinary General Meeting (EGM)

One Extraordinary General Meeting (EGM) was held during the last two financial years i.e. on September 27, 2021 for (i) approval of borrowing limit upto Rs. 1000 Crores; and (ii) Creation of charges or mortgages and hypothecations on Company's properties.

(d) Postal Ballot

No Special Resolution was passed in the last year through postal ballot and at present no Special Resolution is proposed to be conducted through postal ballot. Hence, the provisions relating to postal ballot are not required to be complied with.

(e) No Special Resolution was passed in the 2nd Annual General Meeting.

5. Means of communication:

Demerger scheme was effective on April 1, 2023 after filing of INC 28 w.r.t. NCLT order sanctioning the Scheme and thereafter the Stock Exchanges (BSE & NSE) had granted their final listing & trading approval for listing of Shares of GHCL Textiles Limited (GTL) on June 8, 2023 and trading of GTL shares started from June 12, 2023. As on March 31, 2023 the status of the GHCL Textiles Limited was unlisted, hence, the provisions relating to publication of quarterly results in the newspaper are not required to be complied with.

6. General shareholder's Information:

GENERAL SHAREHOLDER INFORMATION				
Sl. No.	Particulars	Details		
1	Annual General Meeting	Saturday, September 9, 2023	2.30 PM	Through Video Conferencing (VC) or Other Audio Visual Means (OAVM), as per the framework issued by the Ministry of Corporate Affairs (MCA) read with applicable circulars.
2	Financial Calendar			
	Financial Reporting for - Quarter - I (ending June 30, 2023)	By 2 nd week of August 2023		
	Financial Reporting for - Quarter - II (ending September 30, 2023)	By 2 nd week of November 2023		
	Financial Reporting for - Quarter - III (ending December 31, 2023)	By 2 nd week of February 2024		
	Financial Reporting for - Quarter - IV (ending March 31, 2024)	By 4 th week of May 2024		
	Financial Year of the Company is for a period of 12 months commencing from 1 st April and ending on 31 st March.			
3	Record Date / Cut-off Date	Saturday, September 2, 2023 (for remote e-voting and to attend AGM)		
4	Dividend Payment Date	N. A		
5	Listing on Stock Exchanges	Name & Address of Stock Exchanges	Stock Code	ISIN WITH NSDL & CDSL
		BSE Limited, (BSE) Phiroze Jeejeebhoy, Dalal Street, Mumbai - 400 001	543918	INE0PA801013
		National Stock Exchange of India Limited, (NSE) "Exchange Plaza", Bandra - Kurla Complex, Bandra (E), Mumbai - 400 051	GHCLTEXTIL	INE0PA801013
6	Listing fees:	Shares of the Company not listed on stock exchanges during the Financial year 2022-23. Hence, the provisions relating to payment of annual listing fee is not required to be complied with. At the time of initial listing, annual listing fees for 2023-24 have been paid to both the Stock Exchanges (BSE & NSE).		
7	Details of Registrar and Share Transfer Agent	Link Intime India Private Limited, C101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400083.Tel No: +91 22 49186270 Fax: +912249186060 (Email : rnt.helpdesk@linkintime.co.in)		

GENERAL SHAREHOLDER INFORMATION		
Sl. No.	Particulars	Details
8	Outstanding GDRs / ADRs / Warrants or any convertible instruments:	Not applicable
9	Commodity price risk or foreign exchange risk and hedging activities:	Demerger scheme was effective on April 1, 2023 after filing of form INC 28 w.r.t. NCLT order sanctioning the Scheme and thereafter the Stock Exchanges (BSE & NSE) had granted their final listing & trading approval for listing of Shares of GHCL Textiles Limited (GTL) on June 8, 2023 and trading of GTL shares started from June 12, 2023. As on March 31, 2023, the status of the GHCL Textiles Limited was unlisted, hence, details of commodity price risk or foreign exchange risk and hedging are not required to be complied with.
10	Address for Correspondence	Share Transfer System: Company processes the share transfer and other related shareholders services through Registrar & Share Transfer Agent (RTA) on a weekly basis. The Company provides facility for simultaneous transfer and dematerialization of equity shares as per the procedures provided by NSDL/CDSL. For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, or annual report or any other query relating to shares be addressed to Link Intime India Private Limited, C101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai 400083. Tel No : +91 22 49186270 Fax: +91 22 49186060 (Email : rnt.helpdesk@linkintime.co.in) For General Correspondence: GHCL Textiles Limited, "GHCL House" Opp. Punjabi Hall, Navrangpura, Ahmedabad - 380 009. Phone : 079 -26427818/26442677, 079-39324100, Fax: 079-26423623 (Email : secretarial@ghcltextiles.co.in)
11	Dematerialization of Shares and Liquidity: As on March 31, 2023, 100% of the Company's equity shares representing 50,000 equity shares were in physical form. Total paid-up capital of the Company as on March 31, 2023, amounts 50000 equity shares with a face value of Rs. 2 each. Demerger scheme was effective from April 1, 2023 after filing of INC 28 w.r.t. NCLT order sanctioning the Scheme and thereafter the Stock Exchanges (BSE & NSE) had granted their final listing & trading approval for listing of Shares of GHCL Textiles Limited (GTL) on June 8, 2023 and trading of GTL shares started from June 12, 2023.	
12	As required under Regulation 36(3) of the Listing Regulations, particulars of Directors seeking appointment/ re- appointment are given in Notice to the ensuing Annual General Meeting.	

7. Shareholding Pattern as on 31st March 2023

SHAREHOLDING PATTERN AS ON 31ST MARCH 2023

Category	No. of shares held	% of shareholding
A Promoters & Promoters Group Holding		
1 Promoters		
Indian Promoters	50,000	100%
Foreign Promoters	0	0.00%
2 Others	0	0.00%
Sub-Total	50,000	100%

Category		No. of shares held	% of shareholding
B	Non-promoters Holding		
3	Institutional Investors		
	Mutual Funds	0	0.00%
	Banks, Financial Institutions	0	0.00%
	Insurance Companies (including LIC ASM Non Par)	0	0.00%
	Foreign Portfolio Investors (including FIIs)	0	0.00%
	Alternate Investment Funds	0	0.00%
	Sub-Total	0	0.00%
4	Non-institutional Investors		
	Bodies Corporate	0	0.00%
	NBFC registered with RBI	0	0.00%
	Indian public (Individuals & HUF)	0	0.00%
	NRIs & Foreign Companies	0	0.00%
	Government Companies (i.e. IEPF)	0	0.00%
	Other Directors & relatives	0	0.00%
	Others (Trusts ,Clearing Members, Body Corp-Ltd Liability Partnership and Central & State Government)	0	0.00%
	Sub-Total	0	0.00%
	Grand Total	50,000	100%

Note: In terms of provisions of Clause 7.2.4 of the Scheme of Arrangement between the GHCL Limited (Demerged Company) and GHCL Textiles Limited (Resulting Company) existing issued, subscribed and paid up equity share capital of Rs.100000/- (Rupees One Lakh only) comprising 50,000 (Fifty Thousand only) equity shares of the Company having face value of Rs. 2/- (Rupees Two only) each held by the GHCL Limited (Demerged Company) in the GHCL Textiles Limited (Resulting Company), stands cancelled w.e.f. April 1, 2023, pursuant to the order of the Hon'ble NCLT, Ahmedabad.

8. Plant Locations:

Plant – GHCL Textiles Limited

- (a) Paravai, Samayanallur P.O, Distt.: Madurai, Tamil Nadu – 625402
- (b) Thiagesar Alai P.O, Manaparai, Distt.: Trichy, Tamil Nadu – 621312

9. List of all Credit Ratings (along with revisions) obtained by the Company during the financial year ended March 31, 2023:

During the financial year 2022-23, Company has not obtained any Credit Ratings from the Credit Rating agencies. However, subsequent to the year end, on May 31, 2023, CARE Ratings Limited had assigned CARE A- (Single A Minus) with Outlook Stable for Long Term Bank Facilities of the Company and CARE A2+ (A Two Plus) for Short Term Bank Facilities of the Company.

10. Management Discussion and Analysis Report form part of this Annual Report

The complete reports on Management Discussion and Analysis report are placed in the separate section of the Annual Report.

11. Disclosures:

11.1 Disclosure on materially significant related party transactions

As on March 31, 2023, the status of GHCL Textiles Limited was unlisted, hence, the provisions of SEBI (Listing Obligations and Requirements) Regulations, 2015 is not required to be complied with.

11.2 Details of non - compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on the matter related to capital markets, during the last three years.

As on March 31, 2023, the status of GHCL Textiles Limited was unlisted, hence, the provisions of SEBI, Stock Exchanges and matters related to capital markets are not required to be complied with. However, GHCL Textiles Limited has complied with all the requirement of regulatory authorities. No penalties/strictures were imposed on the Company by any statutory authority during the financial year 2022-23.

11.3 Vigil mechanism / Whistle Blower Policy

Regulation 22 of the Listing Regulations & Sub-section (9 & 10) of Section 177 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, inter-alia, provides, for all listed companies to establish a vigil mechanism called "Whistle Blower Policy" for directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

As a conscious and vigilant organization, GHCL Textiles Limited believes in the conduct of the affairs of its constituents in a fair and transparent manner, by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. In its endeavour to provide its employee a secure and a fearless working environment, GHCL Textiles Limited has established the "Whistle Blower Policy", which has made effective from January 2, 2023. The Whistle Blower policy and establishment of Vigil Mechanism have been appropriately communicated within the Company. The Whistle Blower Policy is also posted on the website of the Company.

Under this policy, individuals can report their concerns to designated authorities, including the CEO (Mr. R Balakrishnan), Ombudsperson (Mr. R S Jalan, Non- Executive Director), Whistle Officer (Mr. Lalit Narayan Dwivedi - Compliance Officer), or the Audit Committee. The purpose of the Whistle Blower Policy is to encourage a culture of integrity and accountability, ensuring that any reported concerns are promptly addressed and appropriate actions are taken.

GHCL Limited remains dedicated to upholding the highest standards of professionalism, honesty, integrity, and ethical behavior throughout its operations. The Whistle Blower Policy serves as a vital tool in maintaining a vigilant and transparent organization.

The details of person with whom complaints can be filed:

Mr. R S Jalan

Non- Executive Director and Ombudsman for Whistle Blower Policy
Email: rsjalan@ghcl.co.in

Mr. R Balakrishnan

Chief Executive Officer
Email: rbalu@ghcltextiles.co.in

Mr. Lalit Narayan Dwivedi – Company Secretary

Email: lalitdwivedi@ghcltextiles.co.in

In exceptional cases, where the Whistle Blower is not satisfied with the outcome of the investigation and the decision, he or she can make a direct appeal to the Chairman of the Audit Committee.

During the year, the Company has not received any complaint under Vigil Mechanism / Whistle Blower Policy.

11.4 Disclosures regarding web link of the Company

Policy for determining material subsidiaries and posted on Company's website (<https://ghcltextiles.co.in/wp-content/uploads/2023/02/Policy-for-Determining-Material-Subsidiary.pdf>) and RPT Policy on materiality and dealing with related party of the Company are posted on the Company's website (<https://ghcltextiles.co.in/wp-content/uploads/2023/02/Policy-for-Related-Party-Transactions.pdf>).

11.5 Details of compliance with mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and adoption of the non- mandatory requirements of Regulation 27(1) of the Listing Regulations.

Demerger scheme was effective on April 1, 2023 after filing of INC 28 w.r.t. NCLT order sanctioning the Scheme and thereafter the Stock Exchanges (BSE & NSE) had granted their final listing & trading approval for listing of Shares of GHCL Textiles Limited (GTL) on June 8, 2023 and trading of GTL shares started from June 12, 2023. As on March 31, 2023, the status of the GHCL Textiles Limited was unlisted, hence, the provisions of SEBI (Listing Obligations and Requirements) Regulations, 2015 is not required to be complied with.

The status of compliance with non-mandatory requirements of Regulation 27(1) read with Part E of Schedule II of the Listing Regulations are as under:

- (a) The Board:** A non-executive Chairman may be entitled to maintain a Chairman's office at the company's expense and also allowed reimbursement of expenses incurred in performance of his duties. The Company is having all non-executive directors and directors themselves elect one of them as Chairman in the respective Board Meeting. Hence, this clause is not applicable.
- (b) Shareholders' Rights:** As the half-yearly declaration of financial performance including summary of the significant events in the last six months, may be sent to each household of shareholders. As on March 31, 2023, status of GHCL Textiles Limited was unlisted, hence, requirement of sending of financial performance are not applicable on the Company.
- (c) Audit Qualifications:** During the period under review, there is no audit qualifications in the Company's financial statements. GHCL Textiles Limited continues to adopt best practices to ensure a regime of unqualified financial statements.
- (d) Reporting of Internal Auditor:** During the financial year, this clause is not applicable. However, GHCL Textiles Limited shall engage independent Internal Auditor, ensuring a robust internal audit function. The Internal Auditors shall submit his reports to the CFO or the designated authority responsible for this purpose. These reports shall be shared with the members of the Audit Committee for their review and assessment. This practice shall enhance the effectiveness of internal controls and risk management across the organization, contributing to strong corporate governance.

11.6 Details of utilization of funds raised through preferential allotment or qualified institutional placement (QIP) as specified under regulation 32(7A).

This clause is not applicable to the Company as the Company has not raised any funds through preferential allotment and /or QIP.

11.7 Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part.

Details of total fees paid by the Company to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part, have been given under the Statement of Profit and Loss of the Company as Notes no. 8.

11.8 The disclosures of the compliance with corporate governance requirements specified in regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulations, 2015.

Demerger scheme was effective on April 1, 2023 after filing of INC 28 w.r.t. NCLT order sanctioning the Scheme and thereafter the Stock Exchanges (BSE & NSE) had granted their final listing & trading approval for listing of Shares of GHCL Textiles Limited (GTL) on June 8, 2023 and trading of GTL shares started from June 12, 2023. As on March 31, 2023, the status of the GHCL Textiles Limited was unlisted, hence, the provisions of SEBI (Listing Obligations and Requirements) Regulations, 2015 is not required to be complied with. However, we would like to voluntarily confirm that the Company is in compliance with corporate governance requirements specified in regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulations, 2015.

11.9 Certificate from a company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Board / Ministry of Corporate Affairs or any such statutory authority.

This clause is not applicable to the Company as on March 31, 2023

11.10 Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Company has formulated and adopted a policy on sexual harassment. there were no complain received during the financial year 2022-23.

11.11. Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount

Company was not given any loans or advances in the nature of loans to firms/companies in which directors are interested during the Financial year 2022-23.

11.12 Details of material subsidiaries of the listed entity; including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries.

There is no subsidiary of the Company, hence this disclosure is not applicable upon the company for the financial year 2022-23.

12. Code of Conduct to Regulate, Monitor and Report Trading by Designate Persons

In compliance with the SEBI regulation on prevention of Insider Trading, the Company has placed a comprehensive code of conduct for its directors, designated employees of the Company and their immediate relatives. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioning them of the consequences of violations. Subsequently, the Company has its code in line with the requirement of SEBI (Prohibition of Insider Trading) Regulations, 2015. The Code of Conduct to Regulate, Monitor and Report Trading by Designate Persons is posted on the website of the Company <https://ghcltextiles.co.in/wp-content/uploads/2023/02/Code-of-Conduct-for-to-Regulate-Monitor-and-Report-by-Designated-Persons.pdf>

The Company has implemented automated track in system for effective administration and monitoring of trading by insiders in the shares of the Company. There is system generated report prepared by service provider after comparing with benepose report. Automatic email sent to respective employees for giving them instructions that they should not indulge in counter transaction within the prohibited time period.

13. Code of Conduct:

GHCL Textiles Limited has a robust policy framework that guides the ethical and professional conduct of its Board Members and Senior Management. The Code of Conduct encompasses both fundamental ethical considerations and specific guidelines for professional behavior. The company ensures compliance with this code, as stated in the Annual Report, by the Board Members and Senior Management.

In addition to the aforementioned policy, GHCL Textiles Limited has also adopted a "Code of Conduct for employees and other stakeholders." This code sets the highest standards for personal and professional integrity, honesty, and ethical conduct, guiding employees and stakeholders in their actions. The Code of Conduct is also posted on the website of the company <https://ghcltextiles.co.in/wp-content/uploads/2023/02/Code-of-Conduct-for-Employees-and-Other-Stakeholders.pdf>

14. Functional website of the Company as per Regulation 46 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Pursuant to the requirement of Regulation 46 of the Listing Regulations, the Company maintains a functional website of the Company and website address of the Company is www.ghcltextiles.co.in. Website of the Company provides the basic information about the Company e.g. details of its business, financial information, various policies, shareholding pattern & other details relevant to the shareholders and the Company is regularly updating the Information provided on its website.

15. Share Capital & Reconciliation of Share Capital Audit

The Scheme of Arrangement in the nature of Demerger of the Spinning Division of GHCL Limited ("Demerged Company") to GHCL Textiles Limited ("Resulting Company") has been in effect from April 1, 2023.

Demerger scheme was effective on April 1, 2023 after filing of INC 28 w.r.t. NCLT order sanctioning the Scheme and thereafter the Stock Exchanges (BSE & NSE) had granted their final listing & trading approval for listing of Shares of GHCL Textiles Limited (GTL) on June 8, 2023 and trading of GTL shares started from June 12, 2023

The Board of Directors in their meeting held on April 12, 2023 had allotted 9,55,85,786 equity shares of INR 2/- (Rupees Two Only) fully paid-up, in accordance with Clause 5 of the Scheme, to eligible equity shareholders of GHCL Limited.

With effect from April 1, 2023, a qualified practicing Company Secretary will carried out Audit every quarter to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that total issued / paid up capital is in agreement with the aggregate total number of shares are held in dematerialised form with NSDL and CDSL.

DECLARATION

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company, which is posted on the Website of the Company. The Board Members and Senior Management Personnel have affirmed to the compliance with the Code of Conduct for the financial year ended March 31, 2023.

For GHCL TEXTILES LIMITED

R Balakrishnan
CEO

Gaurav V
CFO

Certificate under Regulation 17 (8) of the SEBI (LODR) Regulations, 2015

The Board of Directors GHCL Textiles Limited

We the undersigned certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the financial year ended March 31, 2023 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the company's affairs and follow existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee-
 - (i) significant changes in internal control over financial reporting during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For GHCL TEXTILES LIMITED

**R Balakrishnan
CEO**

**Gaurav V
CFO**

Date: August 7, 2023

Secretarial Audit Report

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

The Members,

GHCL Textiles Limited

GHCL House,

Opp. Punjabi Hall Navrangpura

Ahmedabad, Gujarat 380009

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GHCL Textiles Limited (hereinafter called the “**Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms, and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 (“**Period under review**”) according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder to the extent of Regulation 76 of Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):- **Not applicable during the period under review.**
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client to the extent of securities issued;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 and;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

The other laws as informed and certified by the management of the Company, which are specifically applicable to the Company based on their Sector / Industry are:

(i) Legal Metrology Act, 2009 and rules and regulations thereunder

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that;

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period following major events have been happened which are deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. (i) The Scheme of Arrangement consisting of demerger of the Spinning Business of the GHCL Limited (i.e Holding Company) of the Company, has been approved by the Hon'ble National Company Law Tribunal, Ahmedabad (NCLT) vide its order dated February 8, 2023 and certified copy of the Order was received on March 14, 2023

For **Chandrasekaran Associates**

Company Secretaries

FRN: P1988DE002500

Peer Review Certificate No.: 1428/2021

Dr. S. Chandrasekaran

Senior Partner

Membership No. FCS 1644

Certificate of Practice No. 715

UDIN: F001644E000739557

Date: August 04, 2023

Place: Delhi

Note:

- i. This report is to be read with our letter of even date which is annexed as Annexure-A to this report and forms an integral part of this report.

ANNEXURE-A

The Members,
GHCL Textiles Limited
GHCL House,
Opp. Punjabi Hall Navrangpura
Ahmedabad, Gujarat 380009

Our report of even date is to be read with along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Chandrasekaran Associates**
Company Secretaries
FRN: P1988DE002500
Peer Review Certificate No.: 1428/2021

Dr. S. Chandrasekaran
Senior Partner
Membership No. FCS 1644
Certificate of Practice No. 715
UDIN: F001644E000739557

Date: August 04, 2023
Place: Delhi

Independent Auditor's Report

To the Members of GHCL Textiles Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GHCL Textiles Limited ("the Company"), which comprise the Balance sheet as at March 31 2023, 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 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 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, 2023, 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 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 'Auditor's Responsibilities for the Audit of the 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 financial statements.

Emphasis of Matter

We draw attention to note 10 to the financial statements, which indicates that the demerger would be accounted on the Appointed date mentioned in the Scheme of Arrangement i.e. date of filing of certified true copy of the National Company Law Tribunal order along with the sanctioned Scheme with the Registrar of Company, instead of accounting of demerger in the current year from the beginning of the comparative period presented in the financial statements, since the substantial conditions relating to transfer of demerged undertaking were met during the current year, as required under applicable Indian Accounting Standards prescribed under Section 133 of the Act.

Accordingly, no accounting treatment in respect of the demerger has been carried out in these financial statements, as the approved Scheme would prevail over the applicable Indian Accounting Standards. Our opinion is not modified in respect of this matter.

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 financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements, including the disclosures, and whether the 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 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) The Company has not paid/provided managerial remuneration during the year ended March 31, 2023 to its directors. Accordingly, the requirements to report on compliance of Section 197 of the Act as required by Section 197(16) of the Act is not applicable to the Company.
- (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 12 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 persons or entity(ies), 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 12 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), 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 performed that have been 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.
- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

Sd/-

per Sonika Loganey
Partner

Membership Number: 502220
UDIN: 23502220BGYHPF8846

Place of Signature: Gurugram
Date: April 12, 2023

Annexure 1 referred in paragraph under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: GHCL Textiles Limited (“the Company”)

- (i) (a), (b), (c) and (d) - The Company does not have any property, plant & equipment or intangible assets in the books of the Company. Accordingly, the requirements to report on clause 3(i)(a)(A), 3(i)(a)(B), 3(i)(b), 3(i)(c) and 3(i)(d) of the Order are not applicable to the Company.
- (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 does not have commercial operations and therefore does not have inventories. Accordingly, the requirements to report on clause 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) During the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) to 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 requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) Since the Company does not have commercial operations upto 31st March, 2023, 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 goods and service tax, provident fund, employees’ state insurance, income tax , sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it. 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. Accordingly, 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). Accordingly, 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. Accordingly, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) No fraud by the Company or no 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 Section 188 of Companies Act, 2013 and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the Company and accordingly the requirements to report under clause 3(xiii) of the Order insofar as it relates to Section 177 of the Act is not applicable to the Company.
- (xiv) 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) and 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. Accordingly, the 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. 67,450/- in the current year and amounting to Rs. 11,800/- 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. 13 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) The provision of Section 135 of the Act is not applicable on the Company. Accordingly, the requirements to report on clause 3(xx) of the Order are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sd/-

per **Sonika Loganey**

Partner

Membership Number: 502220

UDIN: 23502220BGYHPF8846

Place of Signature: Gurugram

Date: April 12, 2023

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, 2023, 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 Act.

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, 2023, 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

Sd/-

per **Sonika Loganey**

Partner

Membership Number: 502220

UDIN: 23502220BGYHPF8846

Place of Signature: Gurugram

Date: April 12, 2023

Balance Sheet as at March 31, 2023

(INR in hundreds unless specified otherwise)

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
I. Assets			
(1) Current assets			
(a) Financial assets			
- Cash and cash equivalents	3	167.57	518.49
Total Assets		167.57	518.49
II. Equity and Liabilities			
Equity			
(a) Equity share capital	4	1,000.00	1,000.00
(b) Other equity	5	(1,382.43)	(699.51)
Total Equity		(382.43)	300.49
(1) Current Liabilities			
(a) Financial liabilities			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	6	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	6	550.00	100.00
(b) Other current liabilities	7	-	118.00
Total Liabilities		550.00	218.00
Total Equity and Liabilities		167.57	518.49
Significant accounting policies	2.2		

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

Sd/-

per Sonika Loganey

Partner

Membership Number: 502220

Place : Gurugram

Date : April 12, 2023

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

Sd/-

R. S. Jalan

(Director)

DIN: 00121260

Sd/-

Raman Chopra

(Director)

DIN: 00954190

Place : Noida

Date : April 12, 2023

Sd/-

R Balakrishnan

(Chief Executive Officer)

Sd/-

Gaurav V

(Chief Financial Officer)

Sd/-

Lalit N. Dwivedi

(Company Secretary)

Membership No: FCS10487

Statement of Profit and Loss for the year ended March 31, 2023

(INR in hundreds unless specified otherwise)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue			
Revenue from operations		-	-
Other income		-	-
Total Income		-	-
Expenses			
Other expenses	8	682.92	118.00
Total expenses		682.92	118.00
(Loss) for the year		(682.92)	(118.00)
Total Comprehensive (Loss) for the year		(682.92)	(118.00)
Earnings per equity share (Nominal value of share Rs. 2/-)			
Basic & Diluted (In Rs.)	9	(1.37)	(0.24)
Significant accounting policies	2.2		

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

Sd/-

per Sonika Loganey

Partner

Membership Number: 502220

Place : Gurugram

Date : April 12, 2023

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R Balakrishnan

(Chief Executive Officer)

Sd/-

Gaurav V

(Chief Financial Officer)

Sd/-

Lalit N. Dwivedi

(Company Secretary)

Membership No: FCS10487

Statement of Changes in Equity for the year ended March 31, 2023

(INR in hundreds unless specified otherwise)

A. Equity share capital

As at March 31, 2023

Particulars	Number	Amount
<i>Equity shares of Rs. 2 each issued, subscribed and fully paid up</i>		
Balance as at April 1, 2022	50,000	1,000.00
Changes during the year	-	-
Balance as at March 31, 2023	50,000	1,000.00
As at March 31, 2022		
Particulars	Number	Amount
<i>Equity shares of Rs. 2 each issued, subscribed and fully paid up</i>		
Balance as at April 1, 2021	50,000	1,000.00
Changes during the year	-	-
Balance as at March 31, 2022	50,000	1,000.00

B. Other equity

As at March 31, 2023

Particulars	Reserves & Surplus Retained earnings (Refer Note 5)	Total
Balance as at April 1, 2022	(699.51)	(699.51)
(Loss) for the year	(682.92)	(682.92)
Balance as at March 31, 2023	(1,382.43)	(1,382.43)

As at March 31, 2022

Particulars	Reserves & Surplus Retained earnings (Refer Note 5)	Total
Balance as at April 1, 2021	(581.51)	(581.51)
(Loss) for the year	(118.00)	(118.00)
Balance as at March 31, 2022	(699.51)	(699.51)

Significant accounting policies

2.2

The accompanying notes are an integral part of the financial statements

As per report of even date
For S.R. Battliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sd/-

per Sonika Loganey

Partner

Membership Number: 502220

Place : Gurugram

Date : April 12, 2023

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

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R. S. Jalan

(Director)

DIN: 00121260

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Place : Noida

Date : April 12, 2023

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R Balakrishnan

(Chief Executive Officer)

Sd/-

Gaurav V

(Chief Financial Officer)

Sd/-

Lalit N. Dwivedi

(Company Secretary)

Membership No: FCS10487

Statement of Cash Flow for the year ended March, 2023 (INR in hundreds unless specified otherwise)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities		
Loss before tax	(682.92)	(118.00)
Adjustments to reconcile profit before tax to net cash flows:	-	-
Operating cash flow before working capital changes	(682.92)	(118.00)
Changes in working capital		
Increase in trade payables	450.00	-
Increase in other current liabilities	(118.00)	118.00
Net cash flows used in operating activities (A)	(350.92)	-
Net (Decrease) in cash and cash equivalents (A)	(350.92)	-
Cash and cash equivalents at the beginning of the year	518.49	518.49
Cash and cash equivalents at the end of the year	167.57	518.49
Components of cash and cash equivalents		
Balances with banks:		
- On current accounts	167.57	518.49
Total cash and cash equivalents (note 3)	167.57	518.49

Significant accounting policies

2.2

Notes:

- The cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 "Statement of Cash Flows".

The accompanying notes are 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

Sd/-

per Sonika Loganey

Partner

Membership Number: 502220

Place : Gurugram

Date : April 12, 2023

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

Sd/-

R. S. Jalan

(Director)

DIN: 00121260

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Place : Noida

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(Chief Executive Officer)

Sd/-

Gaurav V

(Chief Financial Officer)

Sd/-

Lalit N. Dwivedi

(Company Secretary)

Membership No: FCS10487

Notes to Financial Statements as at and for the the year ended March 31, 2023

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 a 100% subsidiary of GHCL Limited (Holding Company). The Company was incorporated on June 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 as per the scheme of arrangement (Refer Note 10) and therefore there are no commercial operations till March 31, 2023.

These financial statements were approved for issue in accordance with a resolution of the Board of Directors on April 12, 2023.

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 (INR) and all values are recorded to the nearest hundreds (INR'00), 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.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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 AS103 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 Companies 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 amortized 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.

c) 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 company by the weighted average number of equity shares outstanding during the year.

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

e) Taxes

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered

from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in Other comprehensive income (OCI) or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company shall reflect the effect of uncertainty for each uncertain tax treatment by using either most likely method or expected value method, depending on which method predicts better resolution of the treatment.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry

forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, the Company relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports, which, among other things, reflect the potential impact of climate-related development on the business, such as increased cost of production as a result of measures to reduce carbon emission.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been

enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In the situation where the Company is entitled to a Tax holiday under the income Tax Act, 1961 enacted in India or Tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday year, to the extent the Company's gross total income is subject to the deduction during the tax holiday year. Deferred tax in respect of temporary differences which reverse after the tax holiday year is recognized in the year in which the temporary

differences originate. For recognition of deferred taxes, the temporary differences which originate first are considered to reverse first.

Deferred Tax includes Minimum Alternate Tax (MAT) recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified year, i.e. the year for which MAT credit is allowed to be carried forward. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified year.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Notes to Financial Statements as at and for the the year ended March 31, 2023

(INR in hundreds unless specified otherwise)

Particulars	As at March 31, 2023	As at March 31, 2022
3 Cash and cash equivalent		
Balances with bank		
- On current account	167.57	518.49
	167.57	518.49
4 Share capital		
Authorised share capital		
Particulars	Number of Shares (of Rs. 2 each)	Amount
At April 1, 2021	7,50,000	15,000.00
Increase/(Decrease) during the year	-	-
At March 31, 2022	7,50,000	15,000.00
Increase/(Decrease) during the year	-	-
At March 31, 2023	7,50,000	15,000.00

Subsequent to the year-end, upon the Scheme of Demerger (as referred in Note 10) becoming effective as at April 01, 2023; the authorised share capital of the Company stands increased to 35,15,00,000 divided into 17,57,50,000 equity shares of Rs. 2 each.

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 Company has not declared dividend during the current & previous year. 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	Number of Shares	Amount
Equity shares of Rs. 2 each issued, subscribed and fully paid		
At April 1, 2021	50,000	1,000.00
Changes during the year	-	-
At March 31, 2022	50,000	1,000.00
Changes during the year	-	-
At March 31, 2023	50,000	1,000.00

Notes to Financial Statements as at and for the the year ended March 31, 2023

(INR in hundreds unless specified otherwise)

4.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at March 31, 2023	
	Number of Shares	Amount
At the beginning of the year	50,000	1,000.00
Issued during the year	-	-
Outstanding at the end of the year	50,000	1,000.00

4.2 Shares held by Holding Company

Out of equity shares issued by the Company, shares held by its Holding company are as below:

Particulars	As at March 31, 2023	As at March 31, 2022
No. of Shares at beginning of the year	50,000	50,000.00
Change during the year	-	-
No. of Shares at the year end	50,000	50,000.00
%of total shares	100%	100%
% Change during the year	-	-

4.3 Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2023	As at March 31, 2022
	% 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.

4.4 Details of shares held by promoters

As at March 31, 2023

Promoter Name	No. of Shares at the beginning of the year	Change during the year	No. of Shares at the year end	% of total shares	% Change during the year
GHCL Limited	50,000	-	50,000	100%	-

As at March 31, 2022

Promoter Name	No. of Shares at the beginning of the year	Change during the year	No. of Shares at the year end	% of total shares	% Change during the year
GHCL Limited	50,000	-	50,000	100%	-

Notes to Financial Statements as at and for the the year ended March 31, 2023

(INR in hundreds unless specified otherwise)

5 Other equity
Retained earnings

Particulars	Amount
At April 1, 2021	(581.51)
(Loss) for the year	(118.00)
At March 31, 2022	(699.51)
(Loss) for the year	(682.92)
At March 31, 2023	(1,382.43)

Nature and Purpose of Reserves
Retained Earnings: Retained Earnings are the Profit/(Loss) that the Company has earned/incurred till date.

6 Trade Payables

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Total outstanding dues of MSME	-	-
(b) Total outstanding dues of creditors other than MSME	550.00	100.00
Total	550.00	100.00
Trade Payables	100.00	100.00
Trade Payables to related parties	450.00	-
Trade Payables ageing schedule :	550.00	100.00

6A Trade Payables ageing schedule
As at 31 March 2023

Particulars	<i>Unbilled</i>	Outstanding for following periods from due date of payment				Total
		<i>Less than 1 year</i>	<i>1-2 years</i>	<i>2-3 years</i>	<i>More than 3 years</i>	
- MSME	-	-	-	-	-	-
- Others	100.00	450.00	-	-	-	550.00
- Disputed dues - MSME	-	-	-	-	-	-
- Disputed dues - Others	-	-	-	-	-	-
	100.00	450.00	-	-	-	550.00

As at 31 March 2022

- MSME	-	-	-	-	-	-
- Others	100.00	-	-	-	-	100.00
- Disputed dues - MSME	-	-	-	-	-	-
- Disputed dues - Others	-	-	-	-	-	-
	100.00	-	-	-	-	100.00

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on around 90 days terms

Notes to Financial Statements as at and for the the year ended March 31, 2023

(INR in hundreds unless specified otherwise)

6B Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	As at March 31, 2023	As at March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
	<u>-</u>	<u>-</u>

This information has been determined to the extent such parties have been identified on the basis of information available with the Company

7 Other current liabilities

Particulars	As at March 31, 2023	As at March 31, 2022
- Other liabilities		
Advance from GHCL Limited	-	118.00
	<u>-</u>	<u>118.00</u>

8 Other expenses

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Bank Charges	114.92	-
Audit Fee	118.00	118.00
Sitting Fees payable	450.00	-
	<u>682.92</u>	<u>118.00</u>
Note:		
Payment to auditor (excluding GST)		
Audit fee	100.00	100.00
	<u>100.00</u>	<u>100.00</u>

9 Earnings per share

Basic EPS amounts are calculated by dividing the loss 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 loss attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Notes to Financial Statements as at and for the the year ended March 31, 2023

(INR in hundreds unless specified otherwise)

The following reflects the income and share data used in computation of Basic and Diluted EPS:

Loss attributable to the equity holders of the Company	(683)	(118)
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><u>(1.37)</u></u>	<u><u>(0.24)</u></u>

- 10** The Board of Directors of the Company at their meeting held on December 06, 2021 approved a Scheme of Arrangement under Section 230-232 of the Companies Act 2013 consisting of demerger of Spinning Division of GHCL Limited ("Demerged Company") into GHCL Textiles Limited ('Resulting Company' or 'Company')" (the "Scheme").

Upon the Scheme becoming effective, the Spinning division (along with all assets and liabilities thereof as at the appointed date stated in the Scheme) shall be transferred to the Company on a going concern basis. As a consideration for the Demerger, the Company will issue its equity shares to the shareholders of Demerged company as on the record date in a 1:1 swap ratio (i.e. One share of INR 2 each will be issued by the Company for every one share of INR 10 each held in Demerged company).

Further, the Company shall also be listed on the BSE and NSE.

The Scheme has been approved by the Hon'ble National Company Law Tribunal, Ahmedabad (NCLT) vide its order dated February 08, 2023.

As per the Scheme, the accounting in respect of the Scheme will be carried out on the Appointed date mentioned in the Scheme i.e. the date on which the Company files the Certified True Copy of the NLCT order along with the sanctioned Scheme with the ROC i.e. 1 April 2023.

However, being a transaction of transfer of the spinning business from demerged Company, Indian Accounting Standards notified under Section 133 of the Act, under the Companies (Indian Accounting Standard) Rules, 2015, as amended from time to time (Ind AS) and generally accepted accounting principles in India requires the Company to account for such transfer of spinning business in the current year by restating the financial information in respect of the prior period from the beginning of the preceding period presented in the financial statements as the substantial conditions for the transfer of Demerged Undertaking were met during the current year.

Since the Certified True Copy of the NCLT order along with the sanctioned Scheme with the ROC was filed after the year end no accounting effect in respect of the Scheme has been given in these financial statements, as the approved scheme prevail over the applicable Indian Accounting Standards.

11 Significant accounting judgements, estimates and assumption

There are no significant accounting judgements, estimates and assumptions made by the Company for the purpose of preparation of these financial statements.

12 Additional regulatory information

- 1 The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 and rules.
- 2 The Company does not have any transactions with companies struck off.
- 3 The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- 4 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

Notes to Financial Statements as at and for the the year ended March 31, 2023

(INR in hundreds unless specified otherwise)

- 5 The Company has 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 has 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 does not have 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.

13 Ratio Analysis and its elements

Particulars	Numerator	Denominator	March 31, 2023	March 31, 2022	Variation	Reason for Variance
(a) Current Ratio,	Current Assets	Current Liabilities	0.30	2.38	(87%)	There are no commercial operations in GHCL Textiles Limited and the variance is largely on account of some expenditure incurred during the year.
(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	(16.67)	(0.33)	4978%	
(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	(4.08)	(0.23)	1691%	
(k) Return on investment	Interest (Finance Income)	Investment	NA	NA		

Notes to Financial Statements as at and for the the year ended March 31, 2023

(INR in hundreds unless specified otherwise)

14 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 <i>(Dissolved on 2nd March, 2023)</i>
	Dan River Properties LLC
Non-Executive Director	Mr. R.S. Jalan
	Mr. Raman Chopra
	Mr. Neelabh Dalmia
Independent Director (w.e.f 6th March, 2023)	Dr. Manoj Vaish
	Mrs. Vijay Laxmi Joshi
	Mr. A.K. Jain
Key Managerial Personnel (w.e.f 6th March, 2023)	Mr. R Balakrishnan, Chief Executive Officer
	Mr. Gaurav V, Chief Financial Officer
	Mr. Lalit N. Dwivedi, Company Secretary

B) Transactions with related parties

Transactions during the year	For the year ended March 31, 2023	For the year ended March 31, 2022
GHCL Limited		
Net receipt of advances	-	118.00
Repayment of advances	118.00	-

C) Sitting Fees - Independent Directors

Particular	For the year ended March 31, 2023	For the year ended March 31, 2022
Name	Sitting Fees	Sitting Fees
a) Dr. Manoj Vaish	150.00	-
b) Mrs. Vijay Laxmi Joshi	150.00	-
c) Mr. A. K. Jain	150.00	-
Payables at the year end	As at March 31, 2023	As at March 31, 2022
GHCL Limited	-	118.00
Sitting Fees Payable - Independent Directors	450.00	-

Notes to Financial Statements as at and for the the year ended March 31, 2023

(INR in hundreds unless specified otherwise)

Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2023, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2022: INR NIL). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

15 Financial risk management objectives and policies

The Company has not started commercial operations and accordingly, the Company's principal financial liabilities comprise trade payables and principal financial assets include cash and cash equivalents. There are no financial risks as at the year end.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	Less than 3 months	Less than 1 Year	Total
As at March 31, 2023			
Trade payables	100.00	450.00	550.00
As at March 31, 2022			
Trade payables	100.00	-	100.00

16 The Company does not have any contingent liabilities as at March 31, 2023 and March 31, 2022.

**As per report of even date
For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sd/-

per Sonika Loganey

Partner

Membership Number: 502220

Place : Gurugram

Date : April 12, 2023

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

Sd/-

R. S. Jalan

(Director)

DIN: 00121260

Sd/-

Raman Chopra

(Director)

DIN: 00954190

Place : Noida

Date : April 12, 2023

Sd/-

R Balakrishnan

(Chief Executive Officer)

Sd/-

Gaurav V

(Chief Financial Officer)

Sd/-

Lalit N. Dwivedi

(Company Secretary)

Membership No: FCS10487



“GHCL House”

**Opp. Punjabi Hall, Navrangpura
Ahmedabad -380009 (Gujarat)**