



***NAMASTE EXPORTS LIMITED***

***TWENTY SEVENTH ANNUAL REPORT  
2014-2015***



<b>BOARD OF DIRECTORS</b>		
	Mr. K. Vinod Bhat	Managing Director
	Mr. K. Vishal Bhat	Director
	Mr. M. Sripad Rao	Whole-time Director
	Mr. E.N. Veeranna	Whole-time Director
	Mr. A. Gopala Iyengar	Independent Director
	Mrs. Geetha Santhanagopalan	Independent Director
	Mr. G.P. Roy	Additional Director

**BANKERS & FINANCIAL INSTITUTIONS** The Federal Bank Ltd.,  
St. Marks Road,  
Bangalore

**AUDITORS** M/S Ishwar & Gopal  
Chartered Accountants  
Sri Vinayaka Motor Service Building  
No. 21/2, T.S.P. Road, Kalasipalyam  
Bangalore 560 002

**REGISTERED OFFICE** Namaste Complex  
# 21/2, Vittalnagar  
Chamarajpet  
Bangalore-560 018  
CIN : L85110KA1988PLC008988  
Tel : 91-80-26742252  
Email : [accounts@namasteexports.net](mailto:accounts@namasteexports.net)  
Website : [www.namasteexports.net](http://www.namasteexports.net)

**NOTICE**

Notice is hereby given that the Twenty Seventh Annual General Meeting of the members of Namaste Exports Limited will be held at **G.T.R. Prince Palace**, Lakshman Garden, 80 Feet Road, B.S.K. 2nd Stage, Bangalore-560 070 on **Wednesday the 30<sup>th</sup> September, 2015 at 10.30 A.M** to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2015 and the Profit & Loss Account for the year ended on that date along with the Reports of the Auditor's and Board of Directors thereon.
2. To appoint a Director in place of Mr. E.N. Veeranna (DIN : 00920219) who retires by rotation, being eligible offer himself for re-appointment.
3. To appoint auditors and authorise the Board to fix their remuneration :

To appoint Statutory Auditors and in this connection, to pass with or without modification the following resolutions as an Ordinary Resolution :

"Resolved that M/s. Ishwar & Gopal, Chartered Accountants (Registration No. 021748) be and are hereby appointed as Auditors of the company to hold office from the conclusion of the 27th Annual General Meeting until the conclusion of the 28th Annual General Meeting on a remuneration of such sum as may be fixed by the Board of Directors".

"Resolved further that the Board of Directors of the company be and are hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to the resolution".

**SPECIAL BUSINESS**

4. Appointment of Mr. G.P. Roy as an Independent Director :  
To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution.

Resolved that, pursuant to Section 149, 152, Schedule IV and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, Sri G.P. Roy who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th May, 2015 and who holds office till the date of the AGM, in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Sri G.P. Roy as a candidate for the office of a director of the Company, be and is hereby appointed as an Independent Director of the Company for a period upto 30th May, 2020 not liable to retire by rotation.

5. To consider and if thought fit, to pass with or without modification the following as an ordinary resolution:

Resolved that pursuant to section 197 and schedule V and other applicable provisions, if any, of the Companies Act 2013 and approval of Central Government and other appropriate authorities, if necessary, and subject to the terms and conditions approved by the Remuneration Committee and share

holders' approval by passing resolution in this regard, remuneration payable to Mr. K. Vinod Bhat, (DIN: 02359812) , Managing Director be and is hereby increased from Rs. 50,000 p.m. to Rs. 1,50,000 p.m. and the perquisites and allowances remaining same and that the increased remuneration is payable effective from 1st April, 2015.

RESOLVED FURTHER THAT the Board of Directors of the Company 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."

**For NAMASTE EXPORTS LTD.**

Sd /-

Bangalore-560 018.

**(K. VINOD BHAT)**

1st September 2015

MANAGING DIRECTOR

(DIN : 02359812)

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF/ HERSELF TO ATTEND THE ANNUAL GENERAL MEETING AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY BY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed on 30th September, 2015.
3. Members are requested to bring their copy of the Annual Report to the Meeting, since extra copies of Annual Report will not be supplied at the meeting.
4. Members are requested to notify immediately any change in address and signature updation for their physical holdings to the Company at its Registered Office and to the respective DPs in case of shares in demat mode.

By order of the Board of Directors

**For NAMASTE EXPORTS LTD.**

Sd /-

Bangalore-560 018

**(K. VINOD BHAT)**

1st September 2015

MANAGING DIRECTOR

(DIN : 02359812)

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.****ITEM : 4**

The Board of Directors meeting held on 30th May 2015 appointed Mr. G.P. Roy as an additional director of the company with effect from 30th May 2015 pursuant to Section 161 of the Companies Act, 2013 and as per articles of association of the company.

Pursuant to provision of Section 161 of the Companies Act, 2013, Mr. G.P. Roy will hold office upto the date of the ensuing AGM, the company has received notice in writing under the provisions of Section 161 of the Companies Act, 2013, from a member, along with a deposit of Rs. 1,00,000/- proposing the candidature of Mr. G.P. Roy for the office of the Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The company has received from Mr. G.P. Roy (i) consent in writing to act as Director in Form DIR 2 pursuant to Rule 8 of the Companies (appointment and qualification of directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (appointment and qualification of directors) Rules 2014 to the effect that he is not disqualified under Sub Section (2) of Section 164 of the Companies Act, 2013 and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub section (6) of Section 149 of the Companies Act, 2013.

The Resolution seeks the approval of the members for the appointment of Mr. G.P. Roy as an Independent Director of the Company for a period upto 30th May 2020 pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. He will not be liable to retire by rotation. In the opinion of the board, Mr. G.P. Roy, the Independent Director proposed to be appointed fulfills the conditions specified in the Companies Act, 2013 and the rules made thereunder and he is independent of the management.

Mr. G.P. Roy is a mechanical engineer by education. He has experience in the following areas :- 1) Inventory Management 2) Short Term Revival of the companies.

No Director, key managerial personnel or their relatives, except Mr. G.P. Roy to whom the resolution relates are interested or concerned in the resolution.

The Board recommends the resolution set forth in Item 4 for the approval of the members.

**ITEM 5 :**

The increase in the remuneration of Mr. K. Vinod Bhat, Managing Director of the company has been approved at the Board Meeting held on 30th January 2015 and the remuneration committee meeting held on 13th February 2015 from Rs. 50,000/- to Rs. 1,50,000/- p.m. subject to approval by the shareholders at the Annual General Body Meeting. The perquisites and other allowances remain unaltered. The resolution under Item 5 is placed for approval of the members.

- (i) Increase in remuneration to Mr. K. Vinod Bhat, Managing Director of the company has been approved at the board meeting held on 30th January 2015 and the remuneration committee meeting held on 13th February 2015 to increase from Rs. 50,000/- to Rs. 1,50,000/- p.m.
- (ii) Increase in remuneration upto 20% every year.
- (iii) The Managing Director will perform their respective duties as such with regard to all work of the Company and he will manage and attend to such business and carry out

the orders and directions given by the Board from time to time in all respects and conform to and comply with all such directions and regulations as may from time to time be given and made by the Board and the functions of the Managing Director will be under the overall authority of the Board.

- (v) The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the relevant provisions of the Companies Act, 2013.
- (vi) The the Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

The above increase in package is subject to approval by the share holders at the AGM. The perquisites and other allowances remains unaltered.

By order of the Board of Directors  
Sd /-

Bangalore-560 018  
1st September 2015

**(K. VINOD BHAT)**  
MANAGING DIRECTOR  
(DIN : 02359812)

**DIRECTORS REPORT**

To The Members,

Directors present the Twenty Seventh Annual Report of the Company along with the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2015.

**FINANCIAL RESULTS**

(Rs. in Thousands)

	2014-2015	2013-2014
Sales & Other Income	324158	464806
Profit (Loss) Before Interest Depreciation	-	
Non Operative (Loss) / Profit	(18772)	59233
<b>Less / (Add)</b>		
Interest	(6532)	8406
Depreciation	(8690)	5725
Non-Operative (Loss) / Profit	(33994)	45102
Profit (Loss) before Tax	(33994)	45102
Exceptional Items	25090	-
Profit (Loss) before extraordinary items and tax	(8904)	45102
Add/(Less) tax related to earlier year	29	-
Profit/(loss) for the year	(8933)	45102
Add Profit/(loss) brought forward	49989	(672688)
Add(less) adjustment relating to amalgamation	-	677575
Add(less) adjustment relating to fixed assets	(867)	-
Net Surplus / (Deficit) in statement of Profit & Loss A/c carried to balance sheet	40189	49989

**PUBLIC DEPOSITS**

During the year under review, your Company has not accepted any deposits under the provisions of Section-58A of the Companies Act, 2013 and the rules made thereunder.

**PERFORMANCE**

During the financial year, the operations of the company dipped in terms of turnover and profitability mainly due to non-availability of working capital for the last part of the year. The transfer of credit facilities was deferred by certain application filed with AAIFR. This was further compounded by the deteriorating exports of leather garments from India. The reported reduction in Indian export is approximately Rs. 6,500 Crores during the financial year.

**AUDITORS**

The Statutory Auditors Messers Ishwar & Gopal, Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate has been obtained from them to the effect that the appointment, if made will be in accordance with the regulations specified in the Companies Act, 2013.

**CORPORATE GOVERNANCE**

The Company has complied with all the requirements as per the Security Exchange Board of India (SEBI) guidelines for Corporate Governance.

**DIRECTORS' RESPONSIBILITY STATEMENT**

As required under the provisions of Section 134 (5) of the Companies Act, 2013, your Directors state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies 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 at the end of the financial year and of the profit of the Company for the year under review;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a 'going concern' basis;
- (v) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

**PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

**A. CONSERVATION OF ENERGY**

The company is taking all possible steps to conserve energy resources. Measures taken in this regard cannot be quantified and its impact on cost of production cannot be stated accurately. The Company is not covered in the list of industries which should furnish information in Form 'A' relating to energy consumption and energy consumption per unit of production.

**B. TECHNOLOGY ABSORPTION :**

- 1. Research & Development: The company constantly endeavours to improve the quality of its products.
- 2. Technology absorption, adaptation and innovation: the company has not imported any technology during the year under review.

**C. FOREIGN EXCHANGE EARNINGS & OUTGO**

	(Amt. in INR)
Foreign Exchange Earnings during the year :	241,031,650
Foreign Exchange Outgo during the year :	62,411,023

**INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT 1956, REGARDING EMPLOYEES**

Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975 are not applicable to the Company.

**PERSONNEL**

Employee relations at all levels continued to remain cordial.

**ACKNOWLEDGEMENT**

Directors place on record their sincere appreciation for the assistance and co-operation received from the bankers, financial institutions. The Directors also place on record their appreciation for the support given and contribution made by the officers, staff and workers at all levels during the year. Board for Industrial and Finance Reconstruction, Govt. of India particularly Ministry of Commerce and Finance and Govt. of Karnataka, for their unstinted support during the year under review and the Company look forward to their continued co-operation and support.

For and on behalf of the Board of Directors

Bangalore-560 018  
30th May 2015

Sd /-  
**(K. VINOD BHAT)**  
MANAGING DIRECTOR  
(DIN : 02359812)

**ANNEXURE-A TO DIRECTORS' REPORT  
(On Corporate Governance)****A. MANDATORY REQUIREMENTS :****1. Company's Philosophy on code of Corporate Governance :**

The Company's philosophy of Corporate Governance is aimed at assisting the management of the company in the efficient conduct of its business and in meeting the obligations of the shareholders and is guided by strong emphasis on transparency, accountability and integrity.

**2. BOARD OF DIRECTORS :****Board Meetings and Attendance of Each Director at the Board Meetings and the last Annual General Meeting :**

During the financial year 2014-15, 7 meetings of the Board of Directors were as under:

Two Board meetings during May 2014 and remaining Five meetings during, July, August, October and December 2014 and January 2015 respectively. The gap between two board meetings did not exceed four months. The details of attendance of directors of the board meeting are as under :

Name of the Directors	No. of Board meetings held	No. of Board meetings attended	Attendance at last AGM
Mr. K. Vinod Bhat <i>Managing Director</i>	7	6	Yes
Mr. K. Vishal Bhat <i>Director</i>	7	6	Yes
Mr. M. Sripad Rao <i>Whole Time Director</i>	7	7	Yes
Mr. E.N. Veeranna <i>Whole Time Director</i>	7	7	Yes
Mr. A. Gopala Iyengar <i>Independent Director</i>	7	5	No
Mrs. Geetha Santhanagopalan <i>Independent Director</i>	7	6	No

**3. Sub Committees of the Board :-**

The terms of reference of Sub-Committees of the board are as per the guidelines set out in the listing agreement with the Stock Exchanges, read with Section 292A of the Companies Act, and includes such other functions as may be assigned to it by the Board from time to time.

The Audit Committee comprises of :

- (i). A. Gopal Iyenger (Chairman of the Committee) (DIN : 00920440)
- (ii). Mrs. Geetha Santhanagopalan (DIN : 06602023)
- (iii). K. Vishal Bhat (DIN : 02446614)

The remuneration Committee comprises of :

- (i). Mrs. Geetha Santhanagopalan (Chairman of the Committee) (DIN : 06602023)
- (ii). A. Gopala Iyenger (DIN : 00920440)
- (iii). K. Vishal Bhat (DIN : 02446614)

The Grievance Committee comprises of :

- (i). A. Gopal Iyenger (Chairman of the Committee) (DIN : 00920440)
- (ii). Mrs. Geetha Santhanagopalan (DIN : 06602023)
- (iii). K. Vishal Bhat (DIN : 02446614)

**4. GENERAL SHAREHOLDER INFORMATION :**

- (a) Twenty Seventh Annual General Meeting :  
Day / Date, Wednesday, the 30th September 2015  
Time : 10-30 a.m.  
Venue : G.T.R. Prince Palace  
Lakshman Garden,  
80 Ft. Road, B.S.K. 2nd Stage, Bangalore - 560 070.
- (b) Details of Annual General Meetings held during past three years :  
Previous three Annual General Meetings for the years ending (a) 31st March 2012 (b) 31st March 2013 and (c) 31st March 2014 held at G.T.R. Prince palace, Lakshman Garden, 80 Ft. Road, B.S.K. 2nd Stage, Bangalore - 560 070. on 29-9-2012, 30-9-2013 and 30-9-2014 respectively and no special resolution was passed by exercising postal ballot.
- (c) Date of Book Closure : 30th September 2015.  
  
Financial year : The financial year covers the period from 1st April 2014 to 31st March 2015.
- (d) Listing on Stock Exchanges :  
The equity shares of the company is listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid to the Stock Exchanges for the period upto 31st March 2015. Revocation of suspension of trading is in progress.  
  
Namaste Exports Ltd., - Stock Exchange Code : 526059  
  
Demat ISIN in NSDL and CSDL for Equity Shares - ISIN INE583A01017.

(e) Distribution of sharholding as on 31st March 2015.

No. of Equity Shares	No. of share holders	% of share holders	No. of shares held	% of share holding
Upto - 2,500	9718	80.467	1139620	0.817
2,501 - 5,000	1374	11.377	545130	0.392
5,001 - 10,000	584	4.835	487580	0.350
10,001 - 20,000	208	1.722	307890	0.222
20,001 - 30,000	60	0.497	151110	0.108
30,001 - 40,000	23	0.191	82360	0.059
40,001 - 50,000	20	0.166	94800	0.068
50,001 - 1,00,000	27	0.223	192750	0.138
1,00,000 and above	63	0.522	136341190	97.846
<b>Total</b>	<b>12077</b>	<b>100.000</b>	<b>139342430</b>	<b>100.000</b>

(f) Shareholding Pattern as on 31st March 2015

Category	No. of Share holders	No. of Equity shares	Percentage
Promoters	58	122733565	88.080
Financial Institutions/Banks	9	5678050	4.075
Mutual Funds	9	33200	0.024
Central/State Govt.	1	2051200	1.472
Bodies Corporate	127	5491850	3.941
Foreign Institutional Investors	1	4500	0.003
Public	11793	3322727	2.385
Others	53	27338	0.020
<b>TOTAL</b>	<b>12051</b>	<b>139342430</b>	<b>100.000</b>

(g) Dematerialisation of Shares as on 31.03.2015

As on 31st March 2015, 1.09 % of the total equity capital of the company has been dematerialised. Investors holding physical share certificates are advised to convert their holding to Demat Form in view of the various advantages associated with Demat Holding.

(h) Company's address for correspondence :-

Registered Office : No. 21/2, Vittalnagar,  
Chamarajpet, Bangalore - 560 018.  
Telephone No. : 080-26742252

- (i) Appointment of RTA: Your company has initiated action for appointment of M/s. Integrated Enterprises (India) Ltd. No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003 as Registered Transfer Agent (RTA) and the proposal is in progress. When once BSE clears the company will give service for Dematerialisation of Shares as well as Physical Transfer of Shares of your company.



- (j) Shareholders email-id for communication :- On a move to create transparency in dealing with Shareholders grievance and for communication, your company has created an email-id : **shares.nel@gmail.com** Shareholders are requested to note the email-id.
- (k) Shareholders Email ID :  
Shareholders are requested to provide their email-id to our email-id **shares.nel@gmail.com** which will enable us to provide corporate information in line with the guidelines issued by SEBI on corporate governance.
- (l) Your company has made application to BSE for revocation of suspension of Trading and for Listing additional shares issued as per BIFR/AAIFR directives. Your company expects early clearance from BSE.
- (m) Shareholders may correspond with the Company at its Registered Office.
- (n) Status of Investors - Complaints received during the period 1st April 2014 to 31st March 2015 - There are no pending complaints as on 31st March 2015.
- b) The guidelines/accounting standards laid down by the Institute of Chartered Accountants of India ( ICAI) have been followed in preparation of the financial statements of the Company.
- c) Presently, the Company does not have a Whistle Blower Policy, No personnel of the Company have been denied access to the Audit Committee.

#### Declaration on Code of Conduct

As required under clause 49 of the listing agreement the declaration for code of conduct is given below.

To the members of Namaste Exports Limited.

I, K. Vinod Bhat, Managing Director of the company declare that all the Board Members and Senior Management of the Company affirm compliance with the code of conduct.

For Namaste Exports Limited

Bangalore-560 018  
30th May 2015

**(K. VINOD BHAT)**  
MANAGING DIRECTOR  
(DIN : 02359812)

#### DISCLOSURES:

- a) There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, or relatives etc that may have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Notes to Accounts in Schedule 16 to the financial statements in the Annual Report.

#### Contracts or Arrangements with Related Parties:

- a) Your company undertakes various transactions with related parties in the ordinary course of business. All Related Party Transactions entered during the year were in Ordinary Course of the Business and on Arm's Length basis. No Material Related Party Transactions, i.e., transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, were entered into during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is Not applicable.



**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To The Members of Namaste Exports Limited

We have reviewed the implementation of Corporate Governance procedures by Namaste Exports Limited during the year ended March 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporation Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of our review and according to the information and explanations given to us, and the representations made by Directors and the Management, the conditions of Corporate Governance as stipulated in Corporate Governance Clause 49 of the Listing Agreement with the Stock Exchanges have been complied with by the Company and that no investor grievance(s) is / are pending for a period exceeding one month against the Company as per the records maintained by the Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **ISHWAR & GOPAL**  
Chartered Accountants

**K.V. GOPALAKRISHNAYYA**  
Partner  
Membership No. 021748

Bangalore  
30th May 2015

**Addendum to Director's Report**

The Statutory Auditor's of the Company M/s. Iswhar & Gopal, Chartered Accountants, Bangalore have given their Audit Report for the year ended 31st March, 2015 with certain emphasis of matter, on which the Directors of the Company clarify as follows.

**Observations made in the Report :**

**Point- (a) Note 2.1(g) Under Independent Auditor's Report :**

In respect of allotment of shares to Success Apparels Private Limited (SAPL) in Namaste Exports Limited (NEL) upon merger, the company is in the process of filing and completing all formalities relating to enhancement of authorised capital. The company is expecting clearance from MCA.

For and on behalf of the Board of Directors

Sd /-

Bangalore-560 018  
30th May 2015

**K. VINOD BHAT**  
Managing Director  
(DIN : 02359812)

**Extract of the Annual Return**

In terms of the provisions of Section 92(3) and read with Section 134(3) (a) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return on the prescribed Form MGT-9 is given herein below :

**Registration and Other Details :-**

CIN	: L85110KA1988PLC008988
Registration Date	: 21/03/1988
Name of the Company	: NAMASTE EXPORTS LIMITED
Category of the Company	: Public Limited Company
Address of the Regd. Office & Contact Details	: 21/2, 'Namaste Complex', Vittal Nagar, Chamrajpet, Bangalore-560 018. Email : accounts@namasteexports.net Website : www.namasteexports.net
Whether Listed Company	: Yes
Name & Address and Contact Details of Registrar and Transfer Agent	: M/s. Integrated Enterprises (India) Ltd. No. 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore - 560 003 (Yet to be approved by competent authority)



**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :**

All the business activities contributing 10% or more of the total turnover of the company shall be stated : -

Sl No.	Name and Description of main products/ services	NIC Code of the product/ service	% to total turnover of the company
1	Company manufactures and exports leather garments & leather goods	19129	100%

**III. Shareholding pattern (with Equity Share Capital Breakup as percentage of total Equity)**

**1) Category-wise Shareholding:**

Statement Showing Shareholding Pattern								
Table (I)(a)								
Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group<sup>2</sup></b>							
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family							
		58	122733565	14705	88.08	88.08	0	0.00
(b)	Central Government/ State Government(s)				0.00	0.00	0	0.00
(c)	Bodies Corporate				0.00	0.00	0	0.00
(d)	Financial Institutions/ Banks				0.00	0.00	0	0.00
(e)	Any Others(Specify)				0.00	0.00	0	0.00
(e-i)					0.00	0.00	0	0.00
(e-ii)					0.00	0.00	0	0.00
	<b>Sub Total(A)(1)</b>	<b>58</b>	<b>122733565</b>	<b>14705</b>	<b>88.08</b>	<b>88.08</b>	<b>0</b>	<b>0.00</b>
<b>2</b>	<b>Foreign</b>							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)				0.00	0.00	0	0.00
b	Bodies Corporate				0.00	0.00	0	0.00
c	Institutions				0.00	0.00	0	0.00
d	Qualified Foreign Investor				0.00	0.00	0	0.00
e	Any Others(Specify)				0.00	0.00	0	0.00
e-i					0.00	0.00	0	0.00
e-ii								
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>
	<b>Total Shareholding of</b>	<b>58</b>	<b>122733565</b>	<b>14705</b>	<b>88.08</b>	<b>88.08</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>Public shareholding</b>							
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	9	33200	0	0.02	0.02	0	0.00
(b)	Financial Institutions / Banks	9	5678050	100000	4.07	4.07	0	0.00
(c)	Central Government/ State Government(s)	1	2051200	0	1.47	1.47	0	0.00
(d)	Venture Capital Funds				0.00	0.00	0	0.00
(e)	Insurance Companies				0.00	0.00	0	0.00
(f)	Foreign Institutional Investors				0.00	0.00	0	0.00

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of shares	As a percentage
(g)	Foreign Venture Capital Investors				0.00	0.00	0	0.00
(h)	Qualified Foreign Investor		-		0.00	0.00	0	0.00
(i)	Any Other (specify)				0.00	0.00	0	0.00
(i-ii)	Foreign FI/Banks	1	4500	4500	0.00	0.00	0	0.00
(i-ii)								
	<b>Sub-Total (B)(1)</b>	<b>20</b>	<b>7766950</b>	<b>104500</b>	<b>5.57</b>	<b>5.57</b>	<b>0</b>	<b>0.00</b>
							<b>0</b>	<b>0.00</b>
<b>B 2</b>	<b>Non-institutions</b>						<b>0</b>	<b>0.00</b>
(a)	Bodies Corporate	127	5491850	528600	3.94	3.94	0	0.00
(b)	Individuals				0.00	0.00	0	0.00
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	11784	2812827	822132	2.02	2.02	0	0.00
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	9	509900	45100	0.37	0.37	0	0.00
(c)	Qualified Foreign Investor				0.00	0.00	0	0.00
(d)	Any Other (specify): Hindu Undivided families	28	5403	5403	0.00	0.00	0	0.00
(d-i)	NRI+OCB	25	21935	2175	0.02	0.02	0	0.00
(d-ii)							0	0.00
	<b>Sub-Total (B)(2)</b>	<b>11973</b>	<b>8841915</b>	<b>1403410</b>	<b>6.35</b>	<b>6.35</b>	<b>0</b>	<b>0.00</b>
<b>(B)</b>	<b>Tota Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>11993</b>	<b>16608865</b>	<b>1507910</b>	<b>11.92</b>	<b>11.92</b>	<b>0</b>	<b>0.00</b>
							<b>0</b>	<b>0.00</b>
	<b>TOTAL (A)+(B)</b>	<b>12051</b>	<b>139342430</b>	<b>1522615</b>	<b>100.00</b>	<b>100.00</b>	<b>0</b>	<b>0.00</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>							
1	Promoter and Promoter Group	0	0	0		0.00	0	0.00
2	Public	0	0	0		0.00	0	0.00
	<b>Sub-Total (C )</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0.00</b>
	<b>GRAND TOTAL (A)+(B)</b>	<b>12051</b>	<b>139342430</b>	<b>1522615</b>		<b>100.00</b>	<b>0</b>	<b>0.00</b>

Note: There is no changes in the shareholding pattern during the year 2014-15

**2) Shareholding of Promoters:**

Sr. No.	Name of the shareholder	Details of Shares held		Encumbered shares (*)			Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		Number of shares held	As a % of grand total (A)+(B)+(C)	No.	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(i)	(ii)	(iii)	(iv)	(v)	(vi)=(v)/(iii)*100	(vii)	(viii)	(ix)	(x)	(xi)	(xii)
	K. Narayana Bhat	3092050	2.22	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Madhura N. Bhat	37726550	27.07	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Note: There is no change in the Shareholding of the promoters during the year 2014-15

**2) Change in the shareholding of the promoters (Please specify, if there is no change)**

There is no change in shareholding

**3) Shareholding pattern of top ten shareholders (other than directors, promoters and holders of GDRs & ADRs) :**

	Shareholder's name	Shareholding at the beginning of the year (01.04.2014)		Shareholding at the end of the year (31.03.2015)	
		No. of shares	% of shares	No. of shares	% of shares
	For each of the Top Ten shareholders				
1	D2B Enterprises	3,30,000	0.24	3,30,000	0.24
2	Deep Chand Moondra	55,700	0.04	55,700	0.04
3	Jagadish Hemraj K.	33,000	0.02	33,000	0.02
4	M. S. Shivasubramanian	21,900	0.02	21,900	0.02
5	Neeraj Batra	19,200	0.01	19,200	0.01
6	Omprakash Sethi	13,300	0.01	13,300	0.01
7	Sadashiv K.	13,100	0.01	13,100	0.01
8	Champalal	12,600	0.01	12,600	0.01
9	Prahalada B.	11,100	0.01	11,100	0.01
10	Rajendra Kumar Gupta	10,000	0.01	10,000	0.01

**4) Shareholding pattern of Directors and Key Managerial Personnel :**

	Shareholder's name	Shareholding at the beginning of the year (01.04.2014)		Shareholding at the end of the year (31.03.2015)	
		No. of shares	% of shares	No. of shares	% of shares
	For each of the Directors and KMP				
1	K. Vinod Bhat, Managing Director	1484700	1.07	1484700	1.07
2	M. Sripad Rao, Whole-time-Director	20096365	14.42	20096365	14.42
3	K. Vishal Bhat, Director	2149650	1.54	2149650	1.54
4	E.N. Veeranna, Whole-time-Director	----	----	----	----
5	A. Goppla Iyengar, Independent Director	----	----	----	----
6	Smt. Geetha Santhanagopalan, Independent Director	----	----	----	----

Note: There is no change in the Shareholding of the directors during the year. Further Mr. G.P. Roy, who was appointed on the board as additional director w.e.f. 30.05.2015, does not having any shareholding in the company

**5) Indebtedness :**

Indebtedness as on 31.03.2015	Opening Balance as on 01.04.2014 Rs.	Additional Rs	Closing Balance as on 31.03.2015 Rs.
Vehicle loan	13,27,795	- NIL -	6,46,586
Secured bank loan:	Opening Balance as on 01.04.2014 Rs.		Closing Balance as on 31.03.2015 Rs.
	41,734,144		65,129,787

Securities to loan:

In respect of earlier charges created on the fixed & current assets of the company in favour of IDBI Bank Ltd/ SBI Mutual Fund/ Karnataka State Industrial and Infrastructure Development Corporation Ltd (KSIIDC)/ Karnataka State Financial Corporation (KSFC)/ State Bank of India (SBI) & Canara Bank (CNB) on the loan availed the company has settled dues as approved by Board for Industrial & Financial Reconstruction. Company is in the process of filing satisfaction of charges with Ministry of Corporate Affairs (MCA).

**6) Remuneration of Directors and Key Managerial Personnel:**

Note: Remuneration as provided under this section, does not include perquisites not includible while calculating Remuneration as mentioned in Schedule V (company contribution to P. F. superannuation to the extent not taxable within the provisions of Income Tax etc.)

**A) Remuneration to Managing Director, Whole-time-Directors and /or Manager for the year 2014-15 : (Rs.)**

	Particulars of Remuneration	Shri K. Vinod Bhat MD	Shri M. Sripad Rao WTD	Shri E.N. Veeranna WTD	Total Amount
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	6,50,000	9,00,000	12,00,000	27,50,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	---	---	---	---
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	---	---	---	---
2	Stock option	---	---	---	---
3	Swet Equity	---	---	---	---
4	Commission - as % of prifit	---	---	---	---
5	Others, please specify	---	---	---	---
	<b>Total (A)</b>	6,50,000	9,00,000	12,00,000	27,50,000
	Ceiling as per the Act 5%/ 10% of Net Profit calculated under the provisions of section 198 of the companies Act, 2013	---	---	---	---

**B) Remuneration to other directors for the year 2014-15 : (Rs.)**

	Particulars of Remuneration Independent Director	Shri A. Gopala Iyengar	Smt. Geetha Santhanagopalan	Total Amount
	Fee for attending board committee meeting	30,000	22,500	52,500
	Commission	---	---	---
	Others, please specify	---	---	---
	<b>Total</b>	30,000	22,500	52,500

**Companys Policy on Directors Appointments and Remuneration:**

In compliance with the provisions of Section 178 of the Companies Act, 2013 read with Clause 49 of the Listing Agreement, the Nomination and Remuneration Committee of the Board of Directors have formulated the criteria for determining qualifications, positive attributes and independence of a director and also recommended to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees, which have been approved and adopted by the Board. The same is reproduced herein below:

**A. Criteria for appointing a Director:**

- He should be a person of integrity, with high ethical standards.
- He should be able to commit to his responsibilities and devote sufficient time and attention to his professional obligation as a Director.
- He should be having positive thinking, courtesy, humility.



- d. He should be knowledgeable and diligent in updating his knowledge.
- e. He should have qualifications, skills, experience and expertise by which the Company can benefit.
- f. In respect of independent director, in addition to the above (a) to (g), he should fulfil the criteria for being appointed as an Independent Director prescribed under section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and the provisions of clause 49 of the Listing Agreement.
- g. In respect of Executive/Whole time Director/Managing Director, in addition to above (a) to (f), he should have strong quality of leadership and team mentoring, recognition, management skills, vision, ability to steer the organization even in adverse conditions, innovative thinking, result oriented approach, ability to enhance reputation of the organization.

**B. Criteria for appointing a Senior Management Employee/ Key Managerial Personnel:**

- a. He should have the required educational, qualification, skills and functional knowledge for the post and eye for detailing & compliance
- b. He should have integrity, humility, positive thinking, leadership qualities, sincerity, alert, hardworking, team building ability, good soft skills, transparency in dealings with the Company and other stakeholders.
- c. Screening of the potential conflicts of interest and independence .
- d. Detailed background information in relation to a potential candidate should be provided to all directors.
- e. The identification of potential candidates may be assisted by the use of external search organizations as may be considered appropriate.

**C. Policy on Remuneration:**

The remuneration policy of the Company is performance driven and is structured to motivate Directors, Key Managerial Personnel, Senior Management and other employees, recognizing their talent, merits, achievements and promote excellence in their performance.

**DISCLOSURE UNDER SECTION 197(12) AND RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:**

The requisite details relating to ratio of remuneration, percentage increase in remuneration etc as stipulated under the above Rules are provided herein under:

**i) Ratio of remuneration of each Director to the median remuneration of the employees of the company for the financial year 2014-15 :**

Sl. No.	Director	Remuneration (Rs. in lacs)	Median Remuneration (Rs. in lacs)	Ratio
1.	K. Vinod Bhat, Managing Director	6.50	0.84	7.74
2.	Sripad Rao, Whole-time-Director	9.00	0.84	10.71
3.	E.N. Veeranna, Whole-time- Director	12.00	0.84	14.29
4.	K. Vishal Bhat, Director	----	----	---

**ii) Percentage increase in remuneration of each Director, CFO, CEO, Company Secretary in the financial year 2014-15 :**

-The remuneration of Mr. M. Sripad Rao, Mr. E.N. Veeranna, Directors of the company increased by 200% & 17.65% respectively during the year.

**iii) Percentage increase in median remuneration of employees in the financial year : 0.60%**

**iv) The number of permanent employees on the rolls of the company:**

604

**v) The explanation on the relationship between average increase in remuneration and company performance :**

-The increase in the remuneration was 14.85%. The factors considered at the time of salary revision are comparison with related Garment Industry

**vi) Comparison of the remuneration of the key Managerial Personnel against the performance of the company for the year 2015 :**

(Rs. in Lacs)		
Remuneration paid to Key Managerial Personnel (To MD & CEO, WTD, CFO & CS)	Total turnover of the company	Net Profit of the Company
27.50	3241.58	(89.33)

**vii) Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year. Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies,**

- Trading of shares suspended since 2003. Hence comparison not available

**viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:**

- Average percentile increase in salaries of employees other than the managerial personnel in the FY 2014-15 is 13.93%. The average percentile increase in the remuneration of employees in management cadre in FY 2014-15 is 40.62%

**ix) Comparison of the remuneration of each of the Key Managerial Personnel against the performance of the company:**

- Please refer para No. vi) above

**x) The key parameters for any variable component of remuneration availed by the directors:**

- There is no variable component in the remuneration paid to the directors. The remuneration paid to the whole-time-directors are within the ceiling approved by the Central Government.

**xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and Affirmation that the remuneration is as per the remuneration policy of the Company:**

- None of the employees of the Company, who are not directors, received remuneration in excess of the highest paid director during the year.

**xii) Affirmation that the remuneration is as per the remuneration policy of the Company: - Yes, it is confirmed**

**xiii) Details of the of employees employed for full year or part of the year having remuneration of ' 60 lacs p.a. where employed for the full year : - None -**

**xiv) Details of the employees employed for the part of the year and having salary of not less than ' 5 lacs per month. The details are provided in the following prescribed format. Name, Designation, remuneration received, nature of employment (contractual or otherwise), qualification, experience (in years), date of commencement of employment, age of employees (in years), last employment held before joining this company, % of equity shares held by the employee, whether such employee is a relative of any of the Director (answer in yes or no and if yes, names of Directors) : --NIL-**

**xv) Details of the employees employed for the full year or part of the year was receipt of remuneration in that year which in the aggregate or as the case may be at a rate which in the aggregate, is in excess of that drawn by the managing director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company : - NIL-**

**Secretarial Audit Report (pursuant to sec 204 (1)) :**

The trading in the shares of the company in the BSE/NSE remain suspended from 2002. The company's application/request for listing of shares and revocation of suspension is yet to be approved by the stock exchanges. Since the suspension continues and the company is deemed unlisted, appointment of a Company Secretary/ Sectrial Auditor is kept in abeyance. The company shall comply these requirements upon revocation of suspension and listing of shares.

For and on behalf of the Board of Directors

Sd /-

Bangalore-560 018  
30th May 2015

**K. VINOD BHAT**  
Managing Director  
(DIN : 02359812)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS****TO THE MEMBERS OF NAMASTE EXPORTS LIMITED  
REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of NAMASTE EXPORTS LIMITED ('the Company'), which comprise the balance sheet as at 31st March 2015, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required

and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**EMPHASIS OF MATTERS**

Without qualifying our report, we draw attention to:

- a) Note No 2.1(g) regarding pending filing of documents with Registrar of Companies, Karnataka, Bangalore, for increase in authorized capital, paid up capital, reduction in the face value of paid up capital and filing of other documents relating to amalgamation / restructuring.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

- 1) As required by the Companies (Auditor's Report) Order, 2015 ("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 a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 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 appears from our examination of those books;
  - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement 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 Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to our best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements under contingent liabilities (refer note 2.19 of notes on accounts)
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses
    - iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For **ISHWAR & GOPAL**  
Chartered Accountants

**K.V. GOPALAKRISHNAYYA**  
Partner  
Membership No. 021748

Bangalore  
30th May 2015



**ANNEXURE TO THE AUDITOR'S REPORT**  
**Annexure referred to in our report to the members of NAMASTE EXPORTS LIMITED**  
**for the year ended March 31, 2015.**

- i) a) The Company has maintained records showing full particulars, including quantitative details and the situation of its fixed assets.
- b) All the assets have been physically verified by the management during the year which in our opinion is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such verification.
- ii) a) Inventories have been physically verified during the year by the management. In our opinion, the frequency of verification was reasonable.
- b) The procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- c) In our opinion the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book records, where applicable, as noticed on physical verification were not material and have been properly dealt with in the books of account;
- iii) Based on the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms and other parties listed in the register maintained under section 189 of the Companies Act, 2013 and hence the requirement of clause 3 (iii) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company during the year under review.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v) The Company has not accepted any deposits and hence the requirement of clause 3 (v) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company during the year under review.
- vi) We have been informed that maintenance of books of accounts pursuant to the rules made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 for maintenance of Cost records in respect of products of the Company are not applicable to the Company for the year under review and hence the requirement of clause 3 (vi) of Companies (Auditor's Report) Order, 2015 is not applicable to the Company during the year under review.
- vii) a) The Company has been regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable.

According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us, the following amounts of income tax or sales-tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited with the relevant authorities on account of any dispute are detailed under :-

Name of the Statute	Nature of dues	Related Period	Amount (Rs.)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2005-06	16,10,494/-	Honourable High Court of Karnataka

- c) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company in accordance with relevant provisions of the Companies Act, 1956 (1 of 1956). Hence the provisions of clause 3(vii) (c) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company for the year under review.
- viii) The Company did not have any accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit but had not incurred cash losses in the preceding financial year.
- ix) In our opinion and according to the information and explanations given to us, as per the amendment / modifications in the rehabilitation scheme sanctioned by the Board of Industrial and Financial Reconstruction on August 23 2005, the Company has not defaulted in repayment of dues to banks / financial institutions / debenture holders.
- x) As far as we could ascertain, the Company has not given guarantees for loans taken by others from banks or financial institutions and hence the provisions of clause 3(x) of the Companies (Auditor's Report) Order, 2015 are not applicable to the company.
- xi) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that term loans were applied for the purpose for which the loans were obtained.
- xii) According to the information and explanations given to us, no material frauds on or by the Company that causes material misstatements to financial statements have been noticed or reported during the year.

For **ISHWAR & GOPAL**  
*Chartered Accountants*

**K.V. GOPALAKRISHNAYYA**  
*Partner*  
 Membership No. 021748

Bangalore  
 30th May 2015

**BALANCE SHEET AS AT 31ST MARCH 2015**

Amounts in INR

Sl. No.	Particulars	Note No.	Year ended Mar 31, 2015	Year ended Mar 31, 2014
<b>I. EQUITY AND LIABILITIES</b>				
<b>1. Shareholders Funds</b>				
a. Share Capital	3	139,342,430	139,342,430	
b. Reserves & Surplus	4	40,189,076	49,989,122	
			179,531,506	189,331,552
<b>2. Non-Current Liabilities</b>				
a. Long Term Borrowings	5	151,080	624,634	-
			151,080	624,634
<b>3. Current Liabilities</b>				
a. Short term borrowings	6	65,129,787	41,734,144	
b. Trade Payables	7	36,528,734	32,623,273	
c. Other Current Liabilities	8	33,172,669	32,216,340	
d. Short Term Provisions	9	10,474,865	3,710,623	
			145,306,054	110,284,380
<b>TOTAL</b>			<b>324,988,640</b>	<b>300,240,566</b>
<b>II. ASSETS</b>				
<b>1. Non-current Assets</b>				
a. Fixed Assets	10			
i. Tangible Assets	a	98,440,203	82,018,227	
ii. Intangible Assets	b	264,535	277,813	
			98,704,738	82,296,040
b. Non-current investments	11	719,729	719,729	
c. Deferred Tax Assets (net)	12	744,005	744,005	
d. Long Term Loans & Advances	13	22,856,096	23,933,160	
			24,319,830	25,396,894
<b>2. Current Assets</b>				
a. Inventories	14	93,175,480	84,076,170	
b. Trade Receivables	15	31,432,883	9,495,376	
c. Cash and Cash Equivalents	16	46,304,275	56,189,357	
d. Short-term loans & advances	17	8,696,695	16,573,273	
e. Other Current Assets	18	22,354,740	26,213,456	
			201,964,072	192,547,632
<b>TOTAL</b>			<b>324,988,640</b>	<b>300,240,566</b>
Corporate Information and Summary of Significant Accounting Policies	1			
Other Explanatory Information	2			
As per our report of even date				
<b>For Ishwar &amp; Gopal,</b>				
Chartered Accountants,				
Firm's Registration Number : 001154S				
For and on behalf of the Board of Directors				
<b>K V Gopalakrishnayya</b>				
Partner				
<b>Membership Number: 021748</b>				
Place : Bangalore				
Date: 30.05.2015.				
		<b>K. VINOD BHAT</b>	<b>M. SRIPAD RAO</b>	<b>E.N. VEERANNA</b>
		Managing Director	Whole-Time Director	Director -Finance
		(DIN : 02359812)	(DIN : 00920044)	(DIN : 00920219)

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2015				Amounts in INR		
Sl. No.	Particulars	Note No.	Year ended		Year ended	
			Mar 31, 2015	Mar 31, 2015	Mar 31, 2014	Mar 31, 2014
I.	Revenue from Operations	19		319,193,736		458,135,436
II.	Other Income	20		4,964,642		6,670,453
<b>III.</b>	<b>TOTAL REVENUE (I+II)</b>			<b>324,158,378</b>		<b>464,805,889</b>
IV.	Expenses					
	Cost of materials consumed	21		187,838,107		237,182,704
	Changes (increase) / Decrease in inventories of finished goods					
	Work-in-Progress	22		(12,871,488)		5,093,260
	Employee benefits expenses	23		111,655,827		98,974,473
	Financial costs	24		6,532,117		8,406,007
	Depreciation and amortization expense	25		8,690,406		5,725,237
	Other expenses	26		56,307,149		64,322,118
	<b>TOTAL EXPENSES</b>			<b>358,152,118</b>		<b>419,703,799</b>
<b>V.</b>	<b>PROFIT BEFORE TAX (III-IV)</b>			<b>(33,993,740)</b>		<b>45,102,091</b>
<b>VI.</b>	<b>EXCEPTIONAL ITEMS:</b>	27		(25,090,145)		-
<b>VII.</b>	<b>PROFIT BEFORE EXTRAORDINARY ITEMS AND TAX (V-VI)</b>			(8,903,595)		45,102,091
<b>IX.</b>	<b>PROFIT BEFORE TAX (VII-VIII)</b>			(8,903,595)		45,102,091
<b>VI.</b>	<b>TAX EXPENSE :</b>					
	(1) - Current Tax			-		-
	- Related to earlier years			29,390		-
				29,390		-
<b>VII.</b>	<b>PROFIT / (LOSS) FOR THE YEAR (V-VI)</b>			(8,932,985)		45,102,091
<b>VIII.</b>	<b>Earnings per equity Share :</b>					
	i) Basic & Diluted			(0.06)		0.32
	Corporate Information and Summary of Significant Accounting Policies	1				
	Other Explanatory Information	2				
	As per our report of even date <b>For Ishwar &amp; Gopal,</b> Chartered Accountants, Firm's Registration Number : 001154S					
						For and on behalf of the Board of Directors
	<b>K V Gopalakrishnaya</b> Partner Membership Number: 021748					
	Place : Bangalore Date: 30.05.2015			<b>K. VINOD BHAT</b> Managing Director (DIN : 02359812)	<b>M. SRIPAD RAO</b> Whole-Time Director (DIN : 00920044)	<b>E.N. VEERANNA</b> Director Finance (DIN : 00920219)



<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015</b>		<b>Amounts in INR</b>
<b>Particulars</b>	<b>31-3-2015</b>	<b>31-3-2014</b>
<b>A. CASH FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	(8,903,595)	45,102,091
Adjustments for:		
Depreciation	(16,399,739)	5,725,237
Dividend Income	(30,154)	(35,202)
Interest Income	(2,757,900)	(4,770,728)
Interest & Financial Charges	6,532,117	8,406,007
Loss / (Profit) on Sale of Assets / Investments	(289,673)	(1,368,441)
Claims on Exports	-	9,148,659
	<u>(12,945,349)</u>	<u>17,105,532</u>
Operating Profit /(Loss) before working capital changes	(21,848,944)	62,207,623
Adjustment for :		
Decrease/(increase) in inventories	(9,099,310)	(84,076,170)
Decrease/(increase) in trade receivables	(21,937,507)	(18,644,035)
Decrease/(increase) in other current & non current assets	11,483,448	(61,560,619)
Decrease/(increase) in trade payables	3,905,460	32,623,273
Decrease/(increase) in other current & non current liabilities	1,163,984	712,351
Decrease/(increase) in provisions	6,764,242	2,230,960
	<u>(7,719,682)</u>	<u>(128,714,240)</u>
Cash generated from operations	(29,568,626)	(66,506,617)
Income tax paid (net)	<u>622,389</u>	<u>(744,005)</u>
Net Cash Flow before extraordinary items	(28,946,237)	(67,250,622)
Extraordinary items	<u>-</u>	<u>-</u>
<b>Net Cash Flow from/ (used in) Operating Activities</b>	<b>(28,946,237)</b>	<b>(67,250,622)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,059,156)	(5,675,160)
Proceeds from Sale of Fixed Assets	472,808	1,380,029
Additions on amalgamation	-	(79,533,947)
Increase in Investments	-	(110,500)
Dividend Income	30,154	35,202
Interest Received	<u>3,435,031</u>	<u>6,657,675</u>
	2,878,838	(77,246,701)
<b>Net Cash Flow from/(used in) Investing Activities</b>	<b>2,878,838</b>	<b>(77,246,701)</b>

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2015</b>		<b>Amounts in INR</b>
<b>Particulars</b>	<b>31-3-2015</b>	<b>31-3-2014</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Increase in Short Term Borrowings	23,395,643	41,734,144
Increase in Long Term Borrowings	(681,209)	1,327,795
Increase in capital	-	52,913,970
Increase in Reserves on amalgamation	-	112,262,641
Interest and Financial Charges	(6,532,117)	(8,406,007)
<b>Net Cash Flow from/(used in) Financing Activities</b>	<b>16,182,317</b>	<b>199,832,543</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>		
<b>(A+B+C)</b>	<b>(9,885,082)</b>	<b>55,335,220</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	56,189,357	854,137
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	46,304,275	56,189,357
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	<b>(9,885,082)</b>	<b>55,335,220</b>
As per our report of even date		
<b>For Ishwar &amp; Gopal,</b> Chartered Accountants, Firm's Registration Number : 001154S		
For and on behalf of the Board of Directors		
<b>K V Gopalakrishnayya</b> Partner <b>Membership Number: 021748</b>	<b>K. VINOD BHAT</b> <i>Managing Director</i> (DIN : 02359812)	<b>M. SRIPAD RAO</b> <i>Whole-Time Director</i> (DIN : 00920044)
Place : Bangalore Date: 30.05.2015.	<b>E.N. VEERANNA</b> <i>Director Finance</i> (DIN : 00920219)	

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****1 CORPORATE INFORMATION**

Namaste Exports Limited (hereinafter called as "Company") is a public limited Company incorporated under provisions of Companies Act, 1956, with its registered office at Bangalore. The Company is engaged in the manufacturing of leather garments.

**1.1 SIGNIFICANT ACCOUNTING POLICIES:****a. Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under historical cost convention on accrual basis. Indian GAAP comprises of mandatory accounting standards prescribed under section 133 of the Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities Exchange Board of India (SEBI). The accounting policies adopted in the preparation of financial statements are consistent with those of the previous year except for depreciation which has been computed under Straight Line Method (SLM) instead of Written Down Value Method (WDV).

**b. Use of estimates**

The preparation of Financial statements in conformity with Indian GAAP requires judgements, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**c. Fixed Assets****Tangible assets :-**

Tangible assets are stated in the accounts at historical cost together with all costs directly attributable to their acquisition less accumulated depreciation and impairment if any.

**Intangible assets:-**

Intangible assets are recorded at the consideration paid for acquisition of such assets and are carried at cost less accumulated amortisation and impairment if any.

**d. Depreciation**

Effective 1st April 2014, the Company depreciates its fixed assets over the useful life prescribed in Schedule II to the Companies Act 2013 as against the earlier practice of depreciating under the rates prescribed under the Schedule XIV to the Companies Act, 1956. Assets purchased / installed during the year costing below Rs. 5000/- are fully depreciated during the year. Depreciation for fixed assets purchased / sold during the period is proportionately charged.

Intangible assets are amortised over their respective individual estimated useful life on straight line basis, commencing from the date the asset is available to the Company for its use.

**e. Impairment of Assets:**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is greater of the net selling price or value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

**f. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost.

**g. Inventories**

Inventories are valued at lower of cost and net realizable value and cost is determined on FIFO. Cost of accessories determined on weighted Average method. Cost of inventories comprises of cost of purchase, cost of conversion and other cost including appropriate production overhead incurred in bringing such inventories to their present location and condition.

**h. Employee Benefits****(i) Post-Employment Benefit Plans:**

Contribution to defined contributory retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions. For defined benefit schemes, the cost of providing benefits is determined using the

Project Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet Date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise it is amortized on straight-line basis over the average period until the benefits become eligible for being vested.

**(ii) Short Term Employee Benefits:**

The amount payable on account of short term employee benefits comprising largely of salaries and wages, annual bonus is valued on an undiscounted basis and charged to the Statement of Profit and Loss for the year.

**i. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**(i) Sale of Goods**

Revenue from sale of goods is recognised when significant risk and rewards of the ownership of the goods have passed to the buyer which generally coincides with dispatch of goods to the customers.

**(ii) Rendering of Services:**

Revenue consists of jobwork receipts which are recognized keeping in view the arrangements with customers or trade practices.

**(iii) Dividend Income:**

Dividend income is accounted for when the right to receive is established.

**(iv) Interest Income:**

Interest Income is recognized on a time proportionate basis taking into account the amount outstanding and the rate applicable.

**j. Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition and construction of qualifying assets are capitalized as part of the cost of asset up to the date such asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are charged to the Statement of Profit and Loss in the year in which they are incurred.

**k. Taxation**

Provision for current tax includes current tax and deferred tax.

Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

**l. Foreign Currency Transactions:**

Foreign currency transactions are dealt with in accordance with the Accounting Standard on Accounting for Effects of Changes in Foreign Exchange Rates.

**m. Earnings per Share**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**n. Accounting for Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined as best estimates required to settle the obligation at the Balance Sheet date.

Contingent Liabilities are not recognised but disclosed by way of notes to accounts in case of:

- (i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle that obligation;
- (ii) A present obligation when no reliable estimate is possible; and



- (iii) A possible obligation arising from past events where the probability of outflow of resources is remote. Contingent Assets are neither recognised nor disclosed in the financial statements.

**o. Leases:**

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the profit and loss account on a straight-line basis.

**p. Intangibles**

Software rights purchased is treated as an intangible asset and amortized over the estimated period of life. An intangible asset is derecognised (eliminated from the balance sheet) on disposal or when no future economic benefits are expected from its use and subsequent disposal.

**2 NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015**

The Honourable Board for Industrial and Financial Reconstruction (BIFR) vide their order dated 20th December 2013 approved the modified sanction scheme (the scheme) for the rehabilitation of the Company. As per the said scheme, Success Apparels Private Limited (SAPL) (transferor Company) was amalgamated with Namaste Exports Limited (transferee Company) with retrospective effect from the appointed date, i.e. 1st April 2012. The certified copies of the orders of the BIFR has been filed with the Registrar of Companies, Bangalore. In accordance with the said amalgamation / scheme,

- a. All the assets and liabilities of SAPL have been transferred to the and vested with the Company on the appointed date and have been recorded at their respective book value, under the pooling of interest method of accounting for amalgamation. SAPL was wound up without applicability of the provisions of the Companies Act, 1956.

The value of assets and liabilities vested to the Company on account of amalgamation are as under :

Assets	Amount (Rs. in Lakhs)
Fixed Assets	819.84
Other Non Current Assets	232.43
Current Assets	1,478,84
<hr/>	
Liabilities	Amount (Rs. in Lakhs)
Non Current Liabilities	62.72
Current Liabilities	1,314,06

- b. 10,00,00,000 equity shares of face value of Rs. 2 each have been allotted to the shareholders of SAPL as a consideration for the amalgamation.

- c. 38,71,800 equity shares of the Company held by SAPL has been written off and to that extent the paid up capital of the Company stands reduced without applicability of the provisions of the Companies Act, 1956.

- d. The face value of the shares are reduced from Rs. 2 to Re. 1.

- e. As per the scheme,

- i. Balance in security premium account, capital reserve account and general reserve account is set off against brought forward losses.
- ii. General reserve and surplus in profit & loss account of SAPL is set off against goodwill arising on account of amalgamation.
- iii. Reduction in capital is set off against carry forward losses and goodwill on account of amalgamation.



iv. The movement in profit & loss account considering the above are as under:

Balance in Profit & Loss Account as at 1st April 2013	(672,687,846)
Add: Capital reserve set off against profit & loss account	1,671,000
Add; Securities premium set off against profit & loss account	244,987,193
Add: General reserve transferred to profit & loss account	318,654,044
Add: General reserve of Success Apparels Private Limited	172,795,721
Add: Profit & Loss account balance of Success Apparels Private Limited as at 31.3.13	26,889,890
Less: Consideration on amalgamation to the share holders of Success Apparels Private Limited	(200,000,000)
Add: Share capital of Success Apparels Private limited	2,000,000
Less: Shares held by Success Apparels Private Limited in Namaste Exports Limited	(36,509,000)
Add: Cancellation of shares held by Success Apparels Private Limited in Namaste Exports Limited	7,743,600
Add: Reduction in face value of shares of Namaste Exports Limited from Rs. 2 to Rs. 1	139,342,430
	<hr/>
Net additions on amalgamation	677,574,878
Add: Profit for the year after tax	45,102,091
Closing balance as at 31.03.2014	49,989,122

- f. The accounting of amalgamation stands at variance from AS-14 with respect to treatment of adjustment of debit balance in profit and loss account with capital reserve Rs. 16,71,000/-, securities premium Rs. 24,49,87,193/-, general reserve Rs. 49,14,49,765/-. Had the scheme not prescribed the treatment, capital reserve would have been higher by Rs. 16,71,000/-, securities premium would have been higher by Rs. 24,49,87,193/-, general reserve would have been higher by Rs. 49,14,49,765/- and debit balance in profit & loss account would have been higher by Rs. 73,81,07,958/-.
- g. BIFR in their order waived payment of fees to Registrar of Companies, Karnataka, Bangalore for increasing the authorised capital. However The Registrar of Companies, Karnataka have not accepted the documents filed by the Company earlier without payment of requisite fees. hence company could not file documents for changes in the authorised and paid up capital. The Company is taking necessary steps to complete filing of other documents with the statutory authorities relating to amalgamation and restructuring.
- h. Considering the amalgamation, the figures of previous year are not readily comparable with those of the current year.

## 2.2 DETAILS OF SECURITIES TO LOANS:

The Company has earlier created charge on the fixed and current assets of the Company in favour of Industrial Development Bank of India, State Bank of India Mutual Fund, Karnataka State Industrial Investment Development Corporation, Karnataka State Financial Corporation, State Bank of India and Canara Bank. The Company has repaid / allotted shares towards these dues as approved by the BIFR. (Refer note 1.2). Company is in the process of filing satisfaction of charges with Registrar of Companies in respect of these charges.

Short term borrowings are secured by hypothecation of inventories and receivables, personal guarantee of Directors and guarantee of two directors of erstwhile transferor Company (Success Apparels Private Limited) and Equitable mortgage of an immovable property.

## 2.3 CURRENTS ASSETS AND LIABILITIES:

Confirmation of the balances under Sundry Debtors, Loans & Advances, Deposits and Sundry Creditors are not obtained. In the opinion of the management current assets and Loans & Advances would in the ordinary course of business realise the values stated. Certain bank accounts are subject to confirmation.

## 2.4 CHANGE IN ACCOUNTING POLICY:

Effective 1st April 2014, the Company depreciates its fixed assets over the useful life prescribed in Schedule II to the Companies Act 2013 as against the earlier practice of depreciating under the rates prescribed under the Schedule XIV to the Companies Act, 1956. During the year, the Company has changed the method of depreciation of fixed assets of the Company, from written down value method to straight line method. Consequent to the change, depreciation charge for the year is increased by Rs. 33,93,773/- with consequential effect on reserve. Excess depreciation on account of change in method from written down value method to straight line method of Rs. 2,50,90,145/- of earlier years is credited to statement of profit & loss account under exceptional items. The written down value of Fixed assets whose lives have expired as at 1st April 2014 have been adjusted net of tax, in the opening balance of Profit and Loss Account amounting to Rs. 12,48,168.

2.5 Considering/taking a conservative approach, the management has decided not to create any further deferred tax asset for the period and restricted it to Rs. 7,44,205 made as at 31.03.2013 by Success Apparels Private Limited.

**2.6 DUES TO MICRO, SMALL AND MEDIUM INDUSTRIAL UNDERTAKINGS:**

Sundry Creditors do not include any dues to Micro, Small and Medium Industrial Undertakings, to the extent such parties have confirmed

PARTICULARS	Year ended 31st March, 2015		Year ended 31st March, 2014	
	Principal	Interest	Principal	Interest
Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil	Nil	Nil
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil	Nil	Nil
The amount of further interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year;	Nil	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil	Nil	Nil

**2.7 SEGMENT REPORTING POLICIES:**

The Company is primarily engaged in the business of production of leather garments and is managed as one entity, for its various service offerings and is governed by a similar set of risks and returns. In the opinion of the management, disclosure regarding Segment Reporting as required in Accounting Standard on Segment Reporting (AS 17) is not applicable to the Company during the year under review as there are no reportable segments.

**2.8 RELATED PARTY TRANSACTIONS****a. Relationship during the year:**

(i) Key Managerial Personnel :	1. Mr. Vinod Bhat 2. M. Sripad Rao 3. Mr. E.N. Veeranna 4. Mr. Vishal Bhat	Managing Director Whole - Time Director Director - Finance Director
(iii) Associates :	1. Elite Leather International Private Limited 2. MNS Exports Private Limited 3. N.P. Properties Private Limited	

**b. Transactions Carried out with related parties referred in 1 above.**

Particulars	Year ended 31st March 2015	Year ended 31st March 2014
<b>a) Transactions with related parties</b>		
Remuneration Paid :		
1. Mr. K. Vinod Bhat	650,000	673,500
2. Mr. Sripad Rao M.	900,000	366,000
3. Mr. E.N. Veeranna	1,200,000	1,093,440
<b>TOTAL</b>	<b>2,750,000</b>	<b>2,132,940</b>

<b>MNS Exports Private Limited</b>			
Sale of Machinery		-	184,625

**c. Balances Payable / Receivable :**

<b>a) Dues to Associates :</b>			
1. Elite Leather International Private Limited	3,267,212		5,869,733
2. MNS Exports Private Limited	185,102		185,102
3. N. P. Properties Private Limited	1,800,000		1,800,000
	<b>5,252,314</b>		<b>7,854,835</b>

<b>b) Dues to Directors :</b>			
1. Mrs. Madhura N. Bhat	806,031		426,180
2. Mr. Sripad Rao M.	45,940		17,240
3. Mr. E.N. Veeranna	41,380		-
4. Mr. K. Vinod Bhat	-		53,116
	<b>893,351</b>		<b>496,536</b>

<b>c) Dues from Directors :</b>			
1. Mr. E.N. Veeranna	-		178,446
<b>TOTAL</b>	<b>-</b>		<b>178,446</b>

**2.9 RETIREMENT BENEFIT PLANS:****a. Defined contribution plans:**

The Company makes Provident Fund contribution to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs. 80,11,942 (Rs. 70,55,142/-) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the respective scheme.

**b. Defined benefit plans:**

The Company makes the provision to the Employees' Gratuity Scheme for eligible employees. The scheme provides for lump sum payment to eligible employees at retirement, death while in employment or on termination of employment, an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Eligibility occurs upon completion of five years of service. The present value of the defined benefit obligation and current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2015:



Particulars	As at 31-03-2015	As at 31-03-2014
<b>(a) Change in benefit obligation :</b>		
Projected benefit Obligation, beginning of the year	11,515,541	5,902,660
Service Cost	2,002,569	870,237
Interest Cost	921,243	472,213
Benefits Paid	(1,744,526)	2,053,275
Actuarial (Gain) / Loss	3,600,887	(291,410)
Additions on amalgamation	-	2,508,566
<b>Projected Obligation at the end of the year</b>	<b>16,295,714</b>	<b>11,515,541</b>
<b>(b) Change in Plan Assets :</b>		
Fair value of plan assets, beginning of the year	10,760,114	5,348,989
Expected return on plan assets	-	429,611
Employer's contributions	946,644	1,034,787
Benefits paid	(1,744,526)	2,053,275
Actuarial (gain) / loss	-	102,952
Additions on amalgamation	-	1,790,500
<b>Fair value of plan assets at the end of the year</b>	<b>9,962,232</b>	<b>10,760,114</b>
Excess of (obligation over plan assets) / plan assets over obligation	(6,333,482)	(755,427)
<b>(c) Net gratuity and other cost for the year</b>		
Service cost	2,002,569	870,237
Interest on defined benefit obligation	921,243	472,213
Other Adjustments	1,530,337	-
Expected return on plan assets	-	(429,611)
Net actuarial gain recognized in the year	3,600,887	323,705
Net gratuity and other cost	8,055,036	1,236,544
<b>(d) Category of Assets</b>		
Insurer Managed Funds	9,962,232	10,760,114
<b>(e) Assumptions used in accounting for the gratuity plan :</b>		
Discount rate	8%	8%
Salary escalation rate	7%	7%
Expected return on plan assets	7%	7%

The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held assessed risks of asset management historical results of the return on plan assets and the Company's policy for plan asset management.

#### 2.10 DETAILS OF PAYMENT TO THE AUDITOR :

Particulars	Year ended	
	31-03-2015	31-03-2014
For Statutory Audit	200,000	175,000
For Taxation matters	55,000	55,000
For VAT Audit		-
For Management services- Certification	20,000	23,000
Service Tax	33,990	31,271
For Reimbursement of expenses	91,110	99,581
<b>TOTAL</b>	<b>400,100</b>	<b>383,852</b>

**2.11 LEASES :**

Obligations on long-term, non-cancelable operating leases :

Particulars	Year ended	
	31-03-2015	31-03-2014
Lease rentals recognized during the year	7,089,863	4,785,226
Lease obligations payable:		
Within one year of the Balance Sheet date	6,153,220	3,416,136
Due in a period between one year and five years		
Due after five years		

The operating lease arrangements are renewable on a periodic basis. Some of these lease agreements have price escalation clauses.

**2.12 EARNING PER SHARE :**

Earnings per share is calculated in accordance with Accounting Standard 20 - "Earnings per share", notified by the Companies (Accounting Standards) Rules, 2006:

Particulars	31st Mar. 2015	31st Mar. 2014
Profit Before Tax and Extra Ordinary Items	(8,903,595)	45,102,091
Less: Current year tax	-	-
Tax related to previous years	(29,390)	-
Profit After Tax but before Extra Ordinary Items	(8,932,985)	45,102,091
Extra Ordinary Items	-	-
Profit After Tax and Extra Ordinary Items	(8,932,985)	45,102,091
Weighted average no. of Equity shares:		
Basic	139,342,430	139,342,430
Diluted	139,342,430	139,342,430
Earnings per Share - Basic:		
Before extra ordinary items	(0.06)	0.32
After extra ordinary items	(0.06)	0.32
Earnings per Share - Diluted:		
Before extra ordinary items	(0.06)	0.32
After extra ordinary items	(0.06)	0.32

**2.13 PROVISIONS AND CONTINGENCIES:**

The Company has made provision for leave salary on estimated basis. These being retirement benefits an obligation to pay these amounts might arise at the time of resignation / superannuation of the employees. There is no reimbursement receivable against these obligations. The following table sets out the funded status of the leave salary and the amounts recognized in the Company's financial statements as at March 31, 2015:

Particulars	As at 31-03-2015	As at 31-03-2014
Carrying amount in the beginning of the year	2,945,166	925,992
Additional provision made during the year	3,864,791	2,354,148
Additions on amalgamation	-	1,859,962
Amounts used during the year	112,126	1,462,686
Unused amounts reversed during the year	2,582,482	732,250
Carrying amount in the end of the year	4,115,349	2,945,166

**2.14. Value of Imported and Indigenous Consumption during the year (as certified by the management)**

Particulars	31-March-15		31-March-14	
	% of Consumption	Amounts in INR	% of Consumption	Amounts in INR
Imported	38	70,750,949	19	44,965,038
Indigenous	62	117,087,158	81	192,217,666
Total		187,838,107		237,182,704

**2.15. Value of Imports calculated on CIF Basis**

Raw Materials	61,785,745	63,521,794
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**2.16. Expenditure in Foreign Currency**

Travelling	316,692	1,382,879
Bank Charges	308,586	516,313

**2.17. Earnings in Foreign Currency calculated on FOB Basis**

Exports on FOB Basis	239,046,592	397,858,833
Sample Sales	1,985,058	2,746,632

**2.18 Prior year expenses / (income) debited / (credited) to the Profit & Loss Account**

(Amounts in INR)

Particulars	31-March-15	31-March-14
Power Charges	49,913	
Communication Charges	2,073	
Staff Welfare	11,494	
Miscellaneous	1,925	
CETP Maintenance	1,139,295	
Bad Receivable recovered	(1,540,968)	
Rent		4,500
Purchase of Leather		285,664
Travelling Expenses		12,988
Directors Sittings Fees		15,000
	(336,268)	318,152

**2.19** Contingent Liabilities to the extent not provided for Nil Nil

Commitments Nil Nil

**2.2** The previous figures have been regrouped / reclassified, wherever necessary to confirm to the current presentation. Figures in brackets are in respect of previous year.

**Notes to the Financial Statements for the year ended 31st March 2015**

**3. Share Capital**

Particulars	AS AT 31-03-2015		AS AT 31-03-2014	
	Number	Amt. in INR	Number	Amt. in INR
<b>Authorised :</b>				
a. Equity Shares	250,000,000	250,000,000	250,000,000	250,000,000
<b>b. Issued :</b>				
Equity Shares	139,342,430	139,342,430	139,342,430	139,342,430
<b>Subscribed and paid fully</b>				
Equity Shares	139,342,430	139,342,430	139,342,430	139,342,430
<b>Subscribed but not paid fully</b>				
Equity Shares	-	-	-	-
<b>TOTAL</b>	<b>139,342,430</b>	<b>139,342,430</b>	<b>139,342,430</b>	<b>139,342,430</b>

c. Par value Rs. 1 per equity share (previous year Rs. 1)

d. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	AS AT 31-03-2015	AS AT 31-03-2014
	Number	Number
Equity Shares		
Outstanding at the beginning of the period	139,342,430	43,214,230
Add: Shares issued to shareholders of Success Apparels Private Limited pursuant to scheme of amalgamation	-	100,000,000
Less: Shares held by Success Apparels Private Limited cancelled pursuant to scheme of amalgamation	-	(3,871,800)
Outstanding at the end of the period	139,342,430	139,342,430

e. Terms / Rights attached to equity shares.

The company has only one class of equity shares having par value of Rs. 1/- (**Rs. 1/-**) per share. Each holder of an equity share is entitled to one vote per share. The company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the Annual General Meeting.

During the year, the Company has not declared any dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.



f. Shares held by each shareholder holding more than 5 percent shares specifying the number of shares held

Name of the Shareholder	AS AT 31-03-2015		AS AT 31-03-2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mrs. Madhura Bhat	37,726,550	27	37,726,550	27
M. Srinivasa Murthy	21,448,600	15	21,448,600	15
M Sripad Rao	20,096,365	14	20,096,365	14
Mrs. Vanajakshi	10,056,700	7	10,056,700	7
M Prabhakar	12,006,700	9	12,006,700	9

g. Aggregate number and class of shares allotted as fully paid up shares pursuant to contracts without payment being received in cash, bonus shares issued, and shares bought back, during the period of five years immediately preceding the current reporting date

Pursuant to scheme of amalgamation of Success Apparels Private Limited with the Company no of shares of Rs. 2 each allotted to the erstwhile shareholders of Success Apparels Private Limited without payment being received in cash during the year ended 31-3-2014.

100,000,000

100,000,000

#### 4. RESERVES & SURPLUS

##### a. Capital Reserve :

Balance as per last financial statement			1,671,000	
Less : Set off against balance in profit & loss account		-	(1,671,000)	-

##### b. Securities Premium Account :

Balance as per last financial statement			244,987,193	
Less : Set off against balance in profit & loss account		-	(244,987,193)	-

##### c. General Reserve

Balance as per last financial statement			318,654,044	
Less : Set off against balance in profit & loss account		-	(318,654,044)	-

##### d. Surplus/(Deficit) in Statement of Profit & Loss Account

###### [Ref. Note No. 2.1(e)]

Balance as per last financial statement	49,989,121		(672,687,846)	
Profit/(Loss) for the year	(8,932,985)		45,102,091	
Add/(Less) : Adjustments relating to amalgamation	-		677,574,878	
Add/(Less) : Adjustments relating to Fixed Assets	(867,060)		-	
Net surplus / (Deficit) in statement of Profit & Loss A/c.		40,189,076		49,989,122

<b>Total Reserves &amp; Surplus</b>		<b>40,189,076</b>		<b>49,989,122</b>
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Particulars	AS AT 31-03-2015		AS AT 31-03-2014	
	Rs.	Rs.	Rs.	Rs.
<b>5. LONG TERM BORROWINGS</b>				
a. Term loan from a Bank (secured by hypothecation of vehicles)		646,586		1,327,795
<b>Total Long Term Borrowings</b>		646,586		1,327,795
Less : Instalments of term loan payable within a year		495,506		703,161
<b>Total Long Term Borrowings</b>		<b>151,080</b>		<b>624,634</b>
*Term Loan from bank is secured by hypothecation of vehicles.				
The loan is repayable in 24/36 equated monthly instalments				
Maturity Profile		2015-16		2016-17
		495,506		151,080
<b>6. SHORT TERM BORROWINGS</b>				
<b>a. Loans repayable on demand</b>				
From Banks - Working Capital Borrowings (refer note 2.2) of other explanatory information		65,129,787		41,734,144
		65,129,787		41,734,144
<b>7. TRADE PAYABLES</b>				
Due to Micro, Small and Medium Enterprises				
Due to other than Micro, Small and Medium Enterprises		36,528,734		32,623,273
<b>Total</b>		<b>36,528,734</b>		<b>32,623,273</b>
<b>8. OTHER CURRENT LIABILITIES</b>				
<b>a. Current Maturities of long term debts</b>				
Current maturities of term loan due to a bank		495,506		703,161
<b>b. Other payables</b>				
i. Dues to Associates		5,252,314		7,854,835
ii. Advances from Customers		3,091,135		2,462,555
iii. Dues to Director		893,351		496,536
iv. Liabilities for Expenses		22,394,206		20,502,808
v. Due to Statutory authorities		1,046,156		196,445
<b>Total</b>		<b>33,172,669</b>		<b>32,216,340</b>
<b>9. SHORT TERM PROVISIONS</b>				
<b>Provision to employee benefits</b>				
i. Gratuity		6,333,482		755,428
ii. Leave Benefits		4,115,349		2,945,166
<b>Others</b>				
i. Provision for wealth tax		26,034		10,029
<b>Total</b>		<b>10,474,865</b>		<b>3,710,623</b>



10. DEPRECIATION SCHEDULE FOR THE YEAR 2014-15

FIXED ASSETS

Particulars	Gross Block						Depreciation						Net Block as at 31.03.15	Net Block as at 31.03.14			
	Balance as at 01.04.14	Adjustments	Additions on Amalgamation	Other Additions	Deletions	Balance as at 31.03.15	Balance as at 01.04.14	Adjustments	Additions on Amalgamation	For the Year	Additions for the year	Retained earnings			Deletions	Change of method	With-drawal
Land	48,813,504	-	-	-	-	48,813,504	-	-	-	-	-	-	-	-	-	-	48,813,504
Buildings	20,361,329	127,467	-	-	-	20,488,796	11,639,018	89,006	-	910,633	-	93,385	(6,090,598)	(6,030,598)	-	6,701,445	13,787,352
Plant & Machinery	78,412,863	(2,486,910)	-	694,859	(5,324,658)	71,296,155	60,130,225	(1,503,363)	-	4,978,913	42,524	244,213	(20,744,631)	(15,530,969)	(5,213,660)	43,105,368	28,190,797
Office Equipments	783,404	858,261	-	91,433	(59,953)	1,673,145	406,238	314,157	-	333,059	16,066	331,448	(436,825)	(303,399)	(133,426)	948,075	725,069
Furniture & Fixtures	618,320	-	-	47,958	(24,494)	641,784	422,210	-	-	56,504	3,615	52,889	(78,771)	(54,277)	(24,494)	399,943	241,841
Motor Vehicles	11,864,259	-	-	-	-	11,864,259	6,533,582	-	-	1,574,655	-	40,063	(2,261,437)	(2,261,437)	-	5,886,863	5,377,396
Electrical Installation & Equipments	70,000	1,474,156	-	-	-	1,544,156	41,906	1,075,771	-	421,528	-	24,541	(561,511)	(561,511)	-	1,002,245	541,911
Computer & Data Processing	2,821,030	27,026	-	69,324	(734,876)	2,182,504	2,563,304	24,429	-	246,246	22,751	133,408	(937,220)	(347,955)	(589,265)	2,020,167	162,337
Sub Total	163,744,709	0	0	903,574	(6,143,981)	158,504,302	81,726,483	(0)	-	8,521,547	84,955	867,059	(31,050,993)	(25,090,145)	(5,960,845)	60,064,096	98,440,206
Intangible Computer Software	771,700	-	-	155,582	-	927,282	493,887	-	-	168,860	14,520	-	-	-	-	662,747	277,813
Sub Total	771,700	-	-	155,582	-	927,282	493,887	-	-	168,860	14,520	-	-	-	-	662,747	277,813
Previous Year	164,516,409	0	-	1,059,156	(6,143,981)	159,431,584	82,220,370	(0)	-	8,690,407	84,955	867,059	(31,050,993)	(25,090,845)	(5,960,845)	60,726,843	98,704,741
Previous Year	19,915,172	-	142,758,032	5,675,160	(3,831,955)	164,516,409	15,204,469	-	-	5,725,237	-	-	(2,694,210)	-	-	82,220,371	-

Particulars	AS AT 31-03-2015		AS AT 31-03-2014	
	Rs.	Rs.	Rs.	Rs.
<b>11. NON CURRENT INVESTMENTS</b>				
Investment in equity instruments				
Long term - Quoted				
32091 (32091) Equity Shares of Encore Software Limited	1,099,218		1,099,218	
2200 (2200) Equity shares of IDBI	286,000		286,000	
	<u>1,385,218</u>		<u>1,385,218</u>	
Less : Diminution in Value of Investments	<u>1,099,218</u>	286,000	<u>1,099,218</u>	286,000
Long Term Unquoted				
100 Shares of Ranipet Leather Finishing Servicing Industrial Co-operative Society Ltd.	10,000		10,000	
2625 shares of Talco Vaitec Limited	<u>262,500</u>	272,500	<u>262,500</u>	272,500
Investment in Government or trust securities				
Unquoted				
Government Securities (pledged with sales tax authorities)		16,229		16,229
Investments in mutual funds				
10,000 (10,000) Units of SBI Magnum Comma Fund Dividend Mutual Fund (Net Asset Value Rs. 130820 (Rs. 130820 )		100,000		100,000
9121 Units of PNB Gilts		45,000		45,000
<b>Total</b>		<b>719,729</b>		<b>719,729</b>
Basis of Valuation : Investments as stated at cost.				
Aggregate amount of quoted investments and market value thereof				
Aggregate amount of quoted investments		331,000		331,000
Market Value of quoted investments		409,478		430,307
Aggregate amount of unquoted investments		16,229		16,229
Aggregate provision for diminution in value of investments		1,099,218		1,099,218
<b>12. DEFERRED TAX ASSET / (LIABILITIES)</b>				
On account of				
Carry forward losses				
Temporary disallowances under Income Tax		191,322		191,322
Depreciation		552,683		552,683
		<u>744,005</u>		<u>744,005</u>
<b>13. Long Term Loans &amp; Advances</b>				
<b>a. Capital Advances</b>		18,451,956		18,726,956
<b>b. Security Deposits</b>				
Considered Good		4,404,140		4,531,204
<b>c. Other Loans &amp; Advances (Unsecured)</b>				
<b>i) Considered Good</b>				
- Employee Advances		-		625,000
<b>Total</b>		<b>22,856,096</b>		<b>23,933,160</b>



Particulars	AS AT 31-03-2015		AS AT 31-03-2014	
	Rs.	Rs.	Rs.	Rs.
<b>14. INVENTORIES</b>				
Raw Materials		76,740,138		80,512,316
Work in Progress		2,692,629		564,949
Finished Goods		13,742,713		2,998,905
<b>Total</b>		<b>93,175,480</b>		<b>84,076,170</b>
<b>15. TRADE RECEIVABLES</b>				
(Unsecured, Considered Good)				
Aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment		1,375,930		1,680,764
Others		30,056,953		7,814,612
		31,432,883		9,495,376
<b>16. CASH AND CASH EQUIVALENTS</b>				
<b>a. Balance with Banks</b>				
i. on Current Account		17,981,651		8,045,625
ii. on Deposit Account*		26,911,000		40,007,407
iii. On Exchange Earners Foreign Currency Account		-		4,408
<b>b. Cash on hand</b>		1,411,624		1,831,917
Bank Deposits with more than 12 months maturity*		-		6,300,000
		46,304,275		56,189,357
(*pledged against working capital facilities)				
<b>17. SHORT TERM LOANS AND ADVANCES</b>				
<b>Other Loans and Advances</b>				
<b>(Considered Good)</b>				
i. Advance Income Tax (net of provision for taxation)		5,041,824		5,693,603
ii. Prepaid Expenses		689,348		1,942,941
iii. Advance to Suppliers		785,883		4,274,632
iv. Balance with Statutory / Government Authorities		1,885,135		4,080,726
v. Employee Advances		294,450		332,425
vi. Other Advance		55		70,500
vii. Dues from Directors		-		178,446
<b>Total</b>		<b>8,696,695</b>		<b>16,573,273</b>
<b>18. OTHER CURRENT ASSETS</b>				
Duty Drawback receivable		11,045,178		14,226,763
Interest accrued but not due to deposits		11,309,562		11,986,693
<b>Total</b>		<b>22,354,740</b>		<b>26,213,456</b>
<b>19. Revenue from Operations</b>				
Sales of Products		261,442,299		411,354,969
Sale of Services		21,557,018		5,977,558
Sales of Import License	15,097,864		7,816,455	
Export incentives received	<u>21,096,555</u>	36,194,419	<u>32,986,454</u>	40,802,909
<b>Revenue from operations (Net)</b>		<b>319,193,736</b>		<b>458,135,436</b>

Particulars	AS AT 31-03-2015		AS AT 31-03-2014	
	Rs.	Rs.	Rs.	Rs.
<b>Details of Products Sold</b>				
Leather Garments		235,261,052		370,218,880
Finished Leather		13,808,147		34,911,689
Leather Goods		11,494,178		3,808,401
Other		878,922		2,415,999
		<u>261,442,299</u>		<u>411,354,969</u>
<b>Details of Service Rendered</b>				
Processing Charges		21,557,018		5,977,558
		<u>21,557,018</u>		<u>5,977,558</u>
<b>20. Other Income</b>				
a. Interest income from Bank Deposits		2,757,900		4,770,728
b. Interest income from others		163,138		115,602
c. Dividend income from Long Term Investments		30,154		35,202
d. Prior year income (net)		336,268		-
e. Net gain on sale of fixed assets / investments		289,673		1,368,441
i. Excess provision / (unclaimed credit) withdrawn	1,207,635		131,732	
ii. Others	<u>179,874</u>	1,387,509	<u>248,748</u>	360,480
		<u>4,964,642</u>		<u>6,670,453</u>
<b>21. Cost of materials consumed</b>				
Cost of raw materials consumed		187,838,107		237,182,704
		<u>187,838,107</u>		<u>237,182,704</u>
<b>Raw Material Consumption</b>				
a. Leather		126,356,318		178,764,051
b. Chemicals		33,206,338		27,832,356
c. Accessories		28,275,451		30,586,297
		<u>187,838,107</u>		<u>237,182,704</u>
<b>22. Charges (increase) / Decrease in inventories of finished goods, work in progress</b>				
Inventories at the end of the year				
a. Work in Progress		2,692,629		564,949
b. Finished Goods		13,742,713		2,998,905
		<u>16,435,342</u>		<u>3,563,854</u>
Inventories at the beginning of the year				
a. Work in Progress		564,949		2,178,190
b. Finished Goods		2,998,905		6,478,924
		<u>3,563,854</u>		<u>8,657,114</u>
<b>Charges (increase) / Decrease in inventories of finished goods, work in progress and Stock-in-Trade</b>				
		(12,871,488)		5,093,260
Work in Progress				
Leather Garments		2,692,629		564,949
Finished Goods				
Leather Garments		13,742,713		2,998,905



Particulars	AS AT 31-03-2015		AS AT 31-03-2014	
	Rs.	Rs.	Rs.	Rs.
<b>23. Employee Benefit Expenses</b>				
Salaries & Wages		90,194,809		84,777,790
Contribution to Provident & Other Funds		19,048,538		11,142,661
Staff Welfare Expenses		2,412,480		3,054,022
		111,655,827		98,974,473
<b>24. Financial Costs</b>				
Interest Expense		4,923,378		5,973,096
Other Borrowing Costs (Bank Charges)		1,608,739		1,937,927
Net (gain) / loss on foreign currency transaction to the extent considered as adjustment to borrowing costs		-		494,983
		6,532,117		8,406,007
<b>25. Depreciation and amortisation expenses</b>				
Depreciation of Tangible Assets		8,521,546		5,540,029
Amortisation of Intangible Assets		168,860		185,208
		8,690,406		5,725,237
<b>26. OTHER EXPENSES</b>				
Power and Fuel		10,180,279		10,400,617
Rent		7,104,863		4,785,226
Repairs to buildings		82,880		1,763,369
Repairs to Machinery		3,093,596		5,341,912
Repairs to Others		2,415,737		2,572,726
Bad Advances / Receivables written off		5,813,473		7,500
Insurance		1,549,605		998,575
Rates & Taxes, excluding taxes on income		3,944,745		4,241,071
Remuneration to Auditors		400,100		383,852
Professional & Consultancy Charges		484,403		784,407
Freight and Forwarding		1,856,886		1,519,388
Job Work Charges		5,564,185		7,507,260
Travelling & Conveyance		4,561,475		6,174,260
Communication expenses		645,341		634,491
Listing Fees		313,877		176,491
Directors Sitting Fees		52,500		75,000
Business Promotion		558,001		1,220,824
Claims on Exports		-		9,148,659
Watch & Ward		1,312,015		1,219,524
Miscellaneous		2,885,475		2,605,262
Donation		26,800		41,251
Foreign Exchange Fluctuation		1,266,641		947,025
Sales Commission		1,178,994		652,982
Printing & Stationery		1,015,278		802,296
Prior year adjustment		-		318,152
		56,307,149		64,322,118
<b>27. Exceptional Items</b>				
<b>(Refer Note 2.4 - other explanatory information)</b>				
Depreciation withdrawn		25,090,145		
		25,090,145		

## NAMASTE EXPORTS LIMITED

Registered Office : Namaste Complex, 21/2, Vittal Nagar,  
Chamarajpet, Bangalore-560 018.

### PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_

in the district of \_\_\_\_\_

being a Member(s) of **Namaste Exports Ltd.**, hereby appoint Shri \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ in the District of \_\_\_\_\_

\_\_\_\_\_ failing him Shri \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/

us, on my/our behalf at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company to be held on

Wednesday, the 30th September, 2015 at 10.30 a.m. at G.T.R. Prince Palace, Lakshman Garden, 80 Feet Road,

B.S.K. 2nd Stage, Bangalore-560 070.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Regd. Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

1/- Rupee  
Revenue  
Stamp

**Note :** This form in order to be effective should be duly stamped, completed and signed and must be deposited at Registered Office of the Company, not less than 48 hours before the meeting. The proxy need not be a member of the company.

## NAMASTE EXPORTS LIMITED

Registered Office : Namaste Complex, 21/2, Vittal Nagar,  
Chamarajpet, Bangalore-560 018.

### ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the Member attending (in Block Letters) \_\_\_\_\_

Full Name of the Joint holder \_\_\_\_\_

(To be filled in if the first named holder does not attend the meeting).

Name of the Proxy \_\_\_\_\_

(To be filled in if the Proxy Form has been duly deposited with the Company)

I hereby record my presence at the TWENTY SEVENTH ANNUAL GENERAL MEETING of the Company on

Wednesday, the 30th September, 2015 at 10.30 a.m. at G.T.R. Prince Palace, Lakshman Garden, 80 Feet Road,

B.S.K. 2nd Stage, Bangalore-560 070.

\_\_\_\_\_  
Member's / Proxy's Signature (To be signed  
at the time of handing over this slip)

Regd. Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

BOOK-POST

If undelivered please return to :  
**Namaste Exports Limited**  
'Namaste Complex',  
21/2, Vittalnagar, Chamarajpet  
Bangalore-560 018.