



NAMASTE EXPORTS LIMITED

***THIRTIETH ANNUAL REPORT
2017 - 2018***



| | | |
|---------------------------|-----------------------------|----------------------|
| BOARD OF DIRECTORS | Mr. K. Vinod Bhat | Managing Director |
| | Mr. M. Sripad Rao | Whole-time Director |
| | Mr. E.N. Veeranna | Whole-time Director |
| | Mrs. Geetha Santhanagopalan | Independent Director |
| | Mr. G.P. Roy | Independent Director |

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

AUDITORS M/s. Murugesh & Company
"Kurpad", 162, 15th Main Road,
4th T Block East, Jayanagar,
Bengaluru, Karnataka 560041

REGISTERED OFFICE Namaste Complex
21/2, Vittalnagar
Chamarajpet
Bangalore-560 018
CIN : L85110KA1988PLC008988
Tel : 91-80-26742252
Email : accounts@namasteexports.net
Website : www.namasteexports.net

NOTICE

Notice is hereby given that the 30th 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 **Saturday the 29th September, 2018 at 10.30 A.M** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2018 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. M. Sripad Rao (DIN: 00920044) who retires by rotation, being eligible offer himself for re-appointment.
3. To ratify re-appoint auditors and fix remuneration :

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any of the Companies Act, 2013 and Rules made thereunder, the appointment of M/s. Murugesh & Co., Chartered Accountants (Firm Registration No. 002233S), as Auditors of the Company approved by Ordinary Resolution passed at the 29th Annual General Meeting of the Company to hold office from the conclusion of the 29th Annual General Meeting until the conclusion of 34th Annual General Meeting, be and is hereby ratified for the balance term and accordingly they continue to hold office until the conclusion of the 34th Annual General Meeting on such remuneration as may be fixed by the Board, apart from reimbursement of out of pocket expenses as may be incurred by them for the purpose of audit."

"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. Re-appoint of Mrs. Geetha Santahngopalan (DIN: 06602023) as 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 the provisions of Sections 149 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force), Mrs. Geetha Sanatanagopalan. (DIN: 06602023), Independent Director of the Company who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-appointed to hold office for 5 consecutive years for a term from 29/09/2018 to 28/09/2023, and whose office shall not be liable to retire by rotation."

5. To re-appoint Shri K. Vinod Bhat (DIN: 02359812) as a Managing Director and in this regard to consider and if

thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government if required, consent is hereby accorded for the re-appointment of K. Vinod Bhat (DIN: 02359812) as Managing Director of the Company for a period of 3 years w.e.f. 01/11/2017 to 31/10/2020 on such terms and conditions approved by the board on 02/11/2017 and remuneration committee meeting on 10/11/2017, including remuneration as set out in the explanatory statement.

6. Appointment of Shri E.N. Veeranna (DIN: 02359812) as a Whole-Time-Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government if required, consent is hereby accorded for the appointment of Mr. E.N. Veeranna (DIN: 00920219) as a Whole-Time-Director of the Company for a period of 3 years w.e.f. 01/03/2017 to 29/02/2020 on such terms and conditions approved by the board on 11/02/2017 and remuneration committee meeting on 20/02/2017, including remuneration as set out in the explanatory statement.

For NAMASTE EXPORTS LTD.

Sd /-
Bangalore-560 018.
1st September 2018

(K. VINOD BHAT)
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 29th September, 2018.
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 /-
Bengaluru-560 018
1st September 2018

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

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

The Members of the Company, at the 25th Annual General Meeting held on 30/09/2013 had approved the appointment of Mrs. Geetha Santhanagopalan as an Independent Director of the Company, whose term is due to expire on 29/09/2018.

As per Section 149(10) of the Companies Act, 2013, an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of the Company.

In line with the aforesaid provisions of the Companies Act 2013 and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Mrs. Geetha Santhanagopalan, it is proposed to re-appoint her for the second term as an independent Director of the Company for a period of five years upto 28/09/2023.

In the opinion of the Board, Mrs. Geetha Santhanagopalan fulfills the conditions specified in the Act and she is independent of the management. Board of Directors at their meeting held on 27/08/2018 approved the re-appointment of Mrs. Geetha Santhanagopalan as Independent Director for further 5 years subject to approval of shareholders and the Central Government, if required at the ensuing AGM.

The Board considers that her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mrs. Geetha Santhanagopalan as an Independent Director. Accordingly, the Board recommends passing of the Resolution at Item No.4 of the Notice as a Special Resolution.

Except Mrs. Geetha Santhanagopalan, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

ITEM : 5

The Board of directors at its meeting held on 02/11/2017 approved the re-appointment of Mr. K. Vinod Bhat, (DIN: 02359812) as Managing Director of the company for a period of 3 years from 01/11/2017 to 31/10/2020 and that the remuneration committee approved the re-appointment of Mr. K. Vinod Bhat at its meeting held on 10/11/2017. Considering his vast expertise in the field of leather industry and long association with the Company, resolved to appoint Mr. K. Vinod Bhat as Managing Director for a period of 3 years subject to the approval of the Shareholders, Central Government, if required, at the ensuing AGM on the following terms and conditions.

1. He shall be responsible for overall management and supervision of the Company in addition to other duties and responsibilities as are entrusted to him from time to time by the Board of Directors.
2. He shall be accountable to the Board of Directors in discharging his duties and the Board of Directors shall be his disciplinary authority.
3. He shall throughout of the said term of his appointment, devote the whole of his time, attention and ability to the business of the Company.
4. He shall be entitled to the following remuneration and benefits.

(i) Salary : Rs. 1,50,000/- (Rupees One Lakh fifty thousand only) per month.

(ii) Increase in remuneration upto 20% every year.

(iii) Perquisites and Allowances : The Managing Director shall be entitled to medical reimbursement equal to one month's salary, leave travel concession for self and family, personal accident insurance, company's contribution to provident fund, superannuation fund, gratuity and leave encashment at the end of the tenure including carry forward leaves under previous term and such other perquisites and allowances.

(iv) In case of loss or inadequacy of profits in any financial year of the Company, the Managing Director is entitled to all remuneration including benefits and amenities as aforesaid.

5. He shall be entitled for the re-imburement of all, actual expenses or charges incurred by him for and on behalf of the Company in furtherance of its business and object as may be approved by the Board of Directors or the Board from time to time.
6. He is entitled to 30 days leave with pay and casual leave as applicable to other officers of the Company, for each year of service.
7. He shall not engage himself either directly or indirectly in any other business.
8. He shall not divulge or disclose any person, firm, company, body corporate or concern whatsoever or make any use for his own or for whatever purpose of any information confidential in nature obtained by him during his employment as to the business affairs of the Company or as to the trade secrets or any information relating to the Company except particulars which are to be disclosed by the Company in the ordinary course of business.
9. The Company shall be entitled to terminate this agreement in the event of him being guilty of misconduct or such inattention to or negligence in the discharge of his duties.
10. Notwithstanding anything herein contained either party hereto shall have the option to terminate the appointment by giving 3 months notice in writing to the other party to that effect.
11. The Managing Director will perform his respective duties as such with regard to all work of the Company and they 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 of Directors.
12. The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
13. The Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
14. The office of the Managing Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Shri K. Vinod Bhat satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section

(3) of Section 196 of the Act for being eligible for the re-appointment. He is not disqualified from being appointed as Managing Director in terms of Section 164 of the Act.

ITEM : 6

The Board of directors at its meeting held on 11/02/2017 approved the appointment of Mr. E.N. Veeranna, Director (DIN: 00920219) of the Company as Whole-Time-Director of the company for a period of 3 years from 01/03/2017 to 29/02/2020 and that the remuneration committee approved the re-appointment of Mr. E.N. Veeranna at its meeting held on 20/02/2017. Considering his vast experience in the field of financial management and long association with the Company, resolved to appoint Mr. E.N. Veeranna as Whole-Time-Director for a period of 3 years subject to the approval of the shareholders, Central Government, if required, at the ensuing AGM on the following terms and conditions.

1. He shall be responsible for overall management and supervision of the Company in addition to other duties and responsibilities as are entrusted to him from time to time by the Board of Directors and Chairman/Managing Director.
2. He shall be accountable to the Chairman/MD in discharging his duties and the Chairman/MD shall be his disciplinary authority.
3. He shall throughout of the said term of his appointment, devote the whole of his time, attention and ability to the business of the Company.
4. He shall be entitled to the following remuneration and benefits.
 - (i) Salary : Rs. 1,00,000/- (Rupees One lakh only) per month.
 - (ii) Increase in remuneration upto 20% every year.
 - (iii) Perquisites and Allowances : The Whole-Time-Director shall be entitled to medical reimbursement equal to one month's salary, leave travel concession for self and family, personal accident insurance, company's contribution to provident fund, superannuation fund, gratuity and leave encashment at the end of the tenure including carry forward leaves under previous term and such other perquisites and allowances.
 - (iv) In case of loss or inadequacy of profits in any financial year of the Company, the Whole-Time-Director is entitled to all remuneration including benefits and amenities as aforesaid.
5. He shall be entitled for the re-imbursement of all, actual expenses or charges incurred by him for and on behalf of the Company in furtherance of its business and object as may be approved by the Chairman / Managing Director or the Board from time to time.
6. He is entitled to 30 days leave with pay and casual leave as applicable to other officers of the Company, for each year of service.
7. He shall not engage himself either directly or indirectly in any other business.
8. He shall not divulge or disclose any person, firm, company, body corporate or concern whatsoever or make any use for his own or for whatever purpose of any information confidential in nature obtained by him during his employment as to the business affairs of the Company or as to the trade secrets or any information relating to the Company except particulars which are to be disclosed by the Company in the ordinary course of business.

9. The Company shall be entitled to terminate this agreement in the event of him being guilty of misconduct or such inattention to or negligence in the discharge of his duties.
10. Notwithstanding anything herein contained either party hereto shall have the option to terminate the appointment by giving 3 months notice in writing to the other party to that effect.
11. The Whole-time Director will perform his 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 Whole-time Director will be under the overall authority of the Chairman/ Managing Director.
12. The Whole-Time- Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.
13. The Whole-time Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
14. The office of the Whole-time Director may be terminated by the Company or the concerned Director by giving the other 3 (three) months' prior notice in writing.

Shri E.N. Veeranna satisfy all the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section (3) of Section 196 of the Act for being eligible for the re-appointment. He is not disqualified from being appointed as Director in terms of Section 164 of the Act.

By order of the Board of Directors
Sd /-

Bengalore-560 018
1st September 2018

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

**DIRECTORS REPORT**

To The Members,
Directors present the 30th Annual Report of the Company along with the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2018.

1. FINANCIAL RESULTS**(Rs. in Lakhs)**

| | 2017-2018 | 2016-2017 |
|--|-----------|-----------|
| Sales & Other Income | 3153.69 | 3554.46 |
| Profit (Loss) Before Interest Depreciation | | |
| Non Operative (Loss) / Profit | (339.92) | (3.27) |
| Less / (Add) | | |
| Interest | (103.57) | (110.02) |
| Depreciation | (66.43) | (65.21) |
| Non-Operative (Loss) / Profit | | |
| Profit (Loss) before Tax | (509.92) | (178.50) |
| Exceptional Items | 0 | 724.17 |
| Profit (Loss) before Tax from continuing operations | (509.92) | (545.67) |
| Profit/(loss) from continuing operations | (509.92) | (545.67) |
| Re-measurement Loss on defined benefit plan | (10.50) | (4.99) |
| Re-measurement of investments | (1.90) | 3.50 |
| Total Comprehensive Income | (501.32) | 544.18 |

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

The company achieved a turnover of Rs. 31.54 Crs. in a adverse situation for the Industry. The withdrawal of duty draw back has seriously affected the profitability of the Company. Further the GST has resulted in increased cost of material affecting the profitability. The GST refund from the Govt. has caused cash flow problems to the Company.

FUTURE PROSPECTS

The Company is pursuing new buyers and new markets and has made foray to the Russian market which looks favourable to the Company. The sale of finished leather has picked up and has seen growth of 200% during the financial year. The Export of finished leather is expected to be the game changer to the Company. The Company has put continued efforts to sell its ' Kavaci ' brand Bikers Jackets and hopes to see positive results in the future.

2.EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There were no material changes and commitments which occurred affecting the financial position of the Company between March 31, 2018 and the date on which this report has been signed. Mr. K. Vishal Bhat, Director resigned from the directorship w.e.f. 01/12/2017 due to his pre-occupation. The Company placed on record the valuable service/guidance rendered by him.

3.MATERIAL CHANGES & COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments between the end of the Financial Year and the Date of the Report, which affect the financial position of the Company.

4.CHANGE IN NATURE OF BUSINESS:

There were no changes in the nature of business during the year under review as prescribed in Rule 8(ii) of the Companies (Accounts) Rules, 2014

5. DIVIDEND

In view of the losses incurred, your Directors expressed inability to recommend any dividend.

6.RESERVES

In view of the losses, the question of transferring any amount to Reserves does not arise.

Disclosure regarding Issue of Equity Shares with Differential Rights

During the year under review the Company has not issued Shares with Differential Rights.

Disclosure regarding issue of Employee Stock Options:

During the year under review the Company has not issued Shares Employee Stock Options.

Disclosure regarding issue of Sweat Equity Shares:

During the year under review the Company has not issued Sweat Equity Shares.

8. CAPITAL EXPENDITURE

As on 31st March, 2018, the gross tangible and intangible assets stood at Rs. 1596.02 Lakhs and the net tangible and intangible assets, at Rs. 802.19 Lakhs Additions during the year amounted to Rs. 60.00 Lakhs The Company has not purchased any assets under lease.

9. BOARD MEETINGS:

Board Meetings and Attendance of Each Director at the Board Meetings and the last Annual General Meeting :
The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

During the financial year 2017-18, 6 meetings of the Board of Directors were as under:

One Board meetings during May 2017 viz. 30/05/2017, and remaining five meetings on 26/08/2017,13/09/2017,02/11/2017,13/12/2017 and 13/02/2018 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> | 6 | 6 | Yes |
| Mr. K. Vishal Bhat <i>Director</i> | 6 | 3 | No |
| Mr. M. Sripad Rao <i>Whole Time Director</i> | 6 | 5 | Yes |
| Mr. E.N. Veeranna <i>Whole Time Director</i> | 6 | 6 | Yes |
| Mrs. Geetha Santhanagopalan <i>Independent Director</i> | 6 | 6 | No |
| Mr. G.P. Roy <i>Independent Director</i> | 6 | 1 | No |

10. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

11.COMPOSITION OF AUDIT COMMITTEE, NOMINATION AND REMUNERATION COMMITTEE & STAKEHOLDERS' RELATIONSHIP COMMITTEE:

Following are the composition of various Committees:
Audit Committee of the Company consists of three (3) Non-Executive Independent Directors and all of them have financial and accounting knowledge.

The Board has accepted the recommendations of the Audit Committee during the year under review.

The Audit Committee comprises of :

- (i). G.P. Roy (Chairman of the Committee) (DIN : 06487847)
- (ii). Mrs. Geetha Santhanagopalan (DIN : 06602023)
- (iii). K. Vishal Bhat (DIN : 02446614)

12. NOMINATION AND REMUNERATION COMMITTEE:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and for other employees and their remuneration

The Nomination and Remuneration Committee comprises of :

- (i). Mrs.Geetha Santhanagopalan (Chairman of the Committee) (DIN : 06602023)
- (ii). G.P. Roy (DIN : 06487847)
- (iii). K. Vishal Bhat (DIN : 02446614)

The Grievance Committee comprises of :

- (i). G.P. Roy (Chairman of the Committee) (DIN : 06487847)
- (ii). Mrs. Geetha Santhanagopalan (DIN : 06602023)
- (iii). K. Vishal Bhat (DIN : 02446614)

13.VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has established an effective vigil mechanism (for directors and employees to report genuine concerns) pursuant

to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and as per Regulations 22 of SEBI (LODR) Regulations 2015 which is available on website of the Company and there were no cases reported during the last period.

14. CORPORATE GOVERNANCE

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

15. DIRECTORS' RESPONSIBILITY STATEMENT

In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. 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 or loss of the Company for the year under review;
- c. 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;
- d. the directors have prepared the annual accounts on a 'going concern' basis;
- e. 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
- f. 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.

16. EXTRACT OF ANNUAL RETURN:

As required pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 as a part of this Annual Report is attached as Annexure I.

17. INFORMATION ABOUT THE FINANCIAL PERFORMANCE/ FINANCIAL POSITION OF THE SUBSIDIARIES/ASSOCIATES/JV

Your Company is not subsidiary of any company. Your Company has no subsidiaries or joint ventures in India or abroad. Consequently, financial performance of the Subsidiary/Associates referred to in Section 129 of the Companies Act, 2013 in Form AOC-1 is not annexed to this Report

18. AUDITORS

The Statutory Auditors M/s. Murugesh & Co., Chartered Accountants, (ICAI Firm Registration No 2232 S) has been appointed for period of 5 years from the date of 29th AGM till conclusion of 34th AGM in accordance with the regulations specified in the Companies Act, 2013 subject to ratification at each AGM.

Your Company has not appointed any internal auditors.

**EXPLANATION BY BOARD ON COMMENTS BY AUDITORS:**

The Statutory Auditor's of the Company M/s. Murugesh & Co., Chartered Accountants, Bangalore have given their Audit Report for the year ended 31st March, 2018 with certain emphasis of matter, on which the Directors of the Company clarify as follows.

Observations made in the Report :

| Qualification by the auditor | Explanation by the Board |
|---|---|
| The Company has paid Rs. 2,05,12,000/- to Industrial Development Bank of India, on 19/09/2016 to buy back 20,51,200 equity shares of Re. 1 each of the Company. The buyback of shares was done even though Company did not have reserves or security premium or not raised further equity to fund the buy back as required under the provisions of section 68 of the Companies Act, 2013, read with Rule 17 of Companies (Share Certificate & Debentures) Rules, 2014. The Company has not obtained necessary approvals / made filings under 68 of the Companies Act, 2013 read with Companies (Share Certificate & Debentures) Rules, 2014 Securities Exchange Board of India, Stock Exchange (refer note no 13(i)). | Share issued to IDBI as per scheme approved by BIFR in lieu of interest payable to them. The company decided to sell an asset to meet working capital requirement and IDBI refused to release the charges unless shares were bought back. Buy-back was an obligation and the company had no other alternative than to depart from provision of Sec 68 of the Companies Act 2013. SEBI has been informed about this deviation. |
| As detailed in Note No 13(j) A the Company has not filed required documents with Registrar of Companies, Karnataka, Bangalore, regarding increase in authorized capital, paid up capital, reduction in the face value of paid up capital and other documents relating to amalgamation / restructuring for a substantial period. | Additional shares issued for increase in share capital as per BIFR directives through BIFR, in their order waived payment of fee to MCA in this regard. The company's appeal for waive the fee is still pending. The company hopes to sort out the issue. |
| As referred in note 6 advance of Rs. 1,83,76,956 is due for substantial period from a firm in which relatives of a director are interested. As per the documents produced before us, the Company has neither taken steps to register the property nor taken steps to recover the said dues. | The company would complete the registration formalities at the earliest. |
| Emphasis of Matter | Explanation by the Board |
| a. Note No 24 (o) to the financial statements, relating to delisting of the shares of the Company . As per the notification of BSE, the Company, directors and promoters have got certain obligations as detailed in the said note. Non fulfilling of the said obligations may result in consequential liabilities which are not ascertainable. | The Company and the Promoters are aware of the obligations and have taken suitable steps as purported in the SEBI guidelines. |
| b. The Company has incurred continuous losses during last 5 years which will have an impact on the Company's ability to continue as a going concern. However, based on the assurance by the management relating to the funding and adequate orders to sustain the continued operations, accounts are prepared on a going concern basis. | The Company has adequate orders to sustain continued operations with increased profitability. Hence accounts are prepared on going concern basis. |

19. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has not appointed a Company Secretary in Practice to undertake the Secretarial Audit of the Company for the year under review for obtaining Secretarial Audit in the form of MR-3.

20. PARTICULARS OF CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Your Company gives high priority for conservation of energy through better supervision and training of employees to economize the usage of electricity.

(A). CONSERVATION OF ENERGY

| | |
|---|--|
| Steps taken / impact on conservation of energy. | The Company's operations are not power intensive. Nevertheless, your Company has introduced various measures to conserve and minimize the use of energy wherever it is possible. |
| (i) Steps taken by the company for utilizing alternate sources of energy including waste generated. | Nil |
| (ii) Capital investment on energy conservation equipment. | Not Applicable |
| Total energy consumption and energy consumption per unit of production as per Form A. | 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

| | |
|--|----------------|
| Efforts in brief, made towards technology absorption, adaptation and innovation | Not applicable |
| Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc. | |
| In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: | |
| Technology imported | Not applicable |
| Year of Import | Not applicable |
| Has technology been fully absorbed | Not applicable |
| If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action | Not applicable |

(C) Research and Development (R & D)

| | |
|---|--|
| Specific areas in which R & D carried out by the company | The Company has not carried out any research and development work during the course of the year. |
| Benefits derived as a result of the above R & D | Not Applicable |
| Future plan of action | Not Applicable |
| Expenditure on R & D | |
| (a) Capital | Nil |
| (b) Recurring | Nil |
| (c) Total | Nil |
| (d) Total R & D expenditure as a percentage of total turnover | Nil |

(D) Foreign Exchange Earnings and Outgo

| | |
|--|--|
| Activities relating to exports Initiatives taken to increase exports, Development of new export markets for products and services Export plans | Not Applicable |
| Total Exchange used (Cash basis) | As on 31 st March 2018: Rs. 177.68 lakhs |
| Total Foreign Exchange Earned (Accrual Basis) | As on 31 st March 2018: Rs. 2644.95 lakhs |

21. RATIO OF REMUNERATION TO EACH DIRECTOR

Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5 (1) (2) (3) of the Companies (Appointment and Remuneration) Rules, 2014, details/disclosures of Ratio of Remuneration to each Director to the median employee's remuneration is annexed to this report as **Annexure 2**

There are no employees posted and working in a country outside India, not being Directors or relatives, drawing more than sixty lakhs rupees per financial year or five lakh rupees per month as the case may be. Therefore statement/disclosure pursuant to Sub Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not required to be circulated to the members and is not attached to the Annual Report.

22. DEPOSITS

Your Company has not invited/accepted/renewed any deposits from public as defined under the provisions of Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 and accordingly, there were no deposits which were due for repayment on or before 31st March, 2018.

23. MATERIAL ORDER PASSED BY ANY COURT OR REGULATOR OR TRIBUNALS IMPACTING GOING CONCERN STATUS OF COMPANY:

No order was passed by any court or regulator or tribunal during the period under review which impacts going concern status of the Company.

24. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:

The Company continued to maintain, high standards of internal control designed to provide adequate assurance on the efficiency of operations and security of its assets. The adequacy and effectiveness of the internal control across various activities, as well as compliance with laid-down systems and policies are comprehensively and frequently monitored by your Company's management at all levels of the organization. The Audit Committee, which meets at-least four times a year, actively reviews internal control systems as well as financial disclosures with adequate participation, inputs from the auditors.

25. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given any loan or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

26. RISK MANAGEMENT POLICY

The Company has not yet formulated a Risk Management Policy. Your Company has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and undertakes periodical review to ensure that executive management controls risk by means of a properly designed framework.

27. CORPORATE SOCIAL RESPONSIBILITY

Since the Company does not meet the criteria for the applicability of Section 135 of the Companies Act read with the Companies (Accounts) Rules, 2015, this clause is not applicable.

28. RELATED PARTY TRANSACTIONS (RPTs):

Related Party Transactions 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 attached.

29. ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees.

**30. MANAGEMENT DISCUSSION AND ANALYSIS**

As requisite and appropriate Management Discussion & Analysis is covered under this Report itself, a separate note on the same is not being furnished.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

31. EVENT BASED DISCLOSURE

There are no event based disclosures.

32. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the sexual harassment of women at the workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2016-17

No of complaints received: NIL

No of complaints disposed off: NIL

33. FRAUD REPORTING (REQUIRED BY COMPANIES AMENDMENT BILL, 2014)

The company detected a fraud committed by an employee in payment of the salaries. The amount involved is approx. Rs. 70.00 lakhs. A Police complaint has been lodged. Investigations are being conducted by the police.

34. HUMAN RESOURCES & INDUSTRIAL RELATIONS

Employee relations at all levels continued to remain cordial.

35. 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. Government of India particularly Ministry of Commerce and Finance and Govt. of Karnataka and Bank for their 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
1st September 2018

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

Extract of the Annual Return MGT-9**Annexure-1**

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, 2004, 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) |

2. 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:

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|------------------|------------------|-------------------|---|------------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) <i>Indian</i> | | | | | | | | | |
| a) Individual/ HUF | | | | | | | | | |
| b) Central Govt | | | | | | | | | |
| c) State Govt(s) | | | | | | | | | |
| d) Bodies Corp | | | | | | | | | |
| e) Banks / FI | | | | | | | | | |
| f) Any Other (Promoters group) | 13450 | 72433740 | 72447190 | 52.77 | 13450 | 72433740 | 72447190 | 52.77 | NIL |
| Sub-total(A)(1):- | 13450 | 113252340 | 113265790 | 82.50 | 13450 | 113252340 | 113265790 | 82.50 | NIL |
| 2) <i>Foreign</i> | | | | | | | | | |
| g) NRIs-Individuals | | | | | | | | | |
| h) Other-Individuals | | | | | | | | | |
| i) Bodies Corp. | | | | | | | | | |
| j) Banks / FI | | | | | | | | | |
| k) Any Other... | | | | | | | | | |
| Sub-total (A)(2):- | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | NIL |
| Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 13450 | 113252340 | 113265790 | 82.50 | 13450 | 113252340 | 113265790 | 82.50 | NIL |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 0.00 | 33200 | 33200 | 0.02 | 0.00 | 33200 | 33200 | 0.02 | NIL |
| b) Banks / FI | 104500 | 5578050 | 5682550 | 4.13 | 104500 | 5578050 | 5682550 | 4.13 | NIL |
| c) Central Govt | 0.00 | 1000 | 1000 | 0.01 | 0.00 | 1000 | 1000 | 0.01 | NIL |
| d) State Govt(s) | | | | | | | | | |
| e) Venture Capital Funds | | | | | | | | | |
| f) Insurance Companies | | | | | | | | | |
| g) FIIs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | NIL |
| h) Foreign Venture Capital Funds | | | | | | | | | |
| i) Others (specify) | | | | | | | | | |
| Sub-total (B)(1) | 104500 | 5612250 | 5716750 | 4.16 | 104500 | 5612250 | 5716750 | 4.16 | NIL |



| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|------------------|------------------|-------------------|---|------------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| 2. Non Institutions | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs. 2 lakh | 862032 | 2124595 | 2986627 | 2.17 | 862032 | 2124595 | 2986627 | 2.17 | NIL |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh | 0.00 | 330000 | 330000 | 0.24 | 0.00 | 330000 | 330000 | 0.24 | NIL |
| c) Others(Specify) | | | | | | | | | |
| ii) NRI+OCB | 3375 | 19760 | 23135 | 0.02 | 3375 | 19760 | 23135 | 0.02 | NIL |
| i) Hindu undivided family | 8303 | 0.00 | 8303 | 0.01 | 8303 | 0.00 | 8303 | 0.01 | NIL |
| iii) Bodies Corporate | 529700 | 4963150 | 5492850 | 4.00 | 529700 | 4963150 | 5492850 | 4.00 | NIL |
| iv) Friends & relatives | 1255 | 9466520 | 9467775 | 6.90 | 1255 | 9466520 | 9467775 | 6.90 | NIL |
| Sub-total (B)(2) | 1404665 | 16904025 | 18308690 | 13.14 | 1404665 | 16904025 | 18308690 | 13.34 | NIL |
| Total Public Shareholding (B) = (B)(1) + (B)(2) | 1509165 | 22516275 | 24025440 | 17.50 | 1509165 | 22516275 | 24025440 | 17.50 | NIL |
| C. Shares held by Custodian for GDRs & ADRs | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | NIL |
| Grand Total(A+B+C) | 1522615 | 135768615 | 137291230 | 100 | 1522615 | 135768615 | 137291230 | 100 | NIL |

2) Shareholding of Promoters:

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---------|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total shares of the company | % of Shares pledged/encumbered to total shares | No. of Shares | % of total shares of the company | % of Shares pledged/encumbered to total shares | |
| 1 | K.NARAYAN BHAT | 3092050 | 2.22 | Nil | 3092050 | 2.22 | Nil | NA |
| 2 | MADURA N. BHAT | 37726550 | 27.07 | Nil | 37726550 | 27.07 | Nil | NA |
| | TOTAL | 40818600 | 29.73 | NIL | 40818600 | 29.73 | NIL | NA |

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

| Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 40818600 | 29.29% | 40818600 | 29.29% |
| Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g., allotment/ transfer/ bonus/sweat equity, etc): | NIL | NIL | NIL | NIL |
| At the end of the year | 40818600 | 29.73% | 40818600 | 29.73% |

There is no change in shareholding

4) 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 (01.04.2016) | | Shareholding at the end of the year (31.03.2017) | |
|----|--------------------------------------|--|-------------|--|-------------|
| | | 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 |

5) Shareholding pattern of Directors and Key Managerial Personnel :

| | Shareholder's name | Shareholding at the beginning of the year (01.04.2017) | | Shareholding at the end of the year (31.03.2018) | |
|---|---|--|-------------|--|-------------|
| | | 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 | 1.08 |
| 2 | M. Sripad Rao, Whole-time-Director | 20096365 | 14.42 | 20096365 | 14.64 |
| 3 | E.N. Veeranna, Whole-time-Director | ---- | ---- | ---- | ---- |
| 4 | Smt. Geetha Santhanagopalan, Independent Director | ---- | ---- | ---- | ---- |
| 5 | G.P. Roy Independent Director | ---- | ---- | ---- | ---- |

Note: There is no change in the Shareholding of the directors during the year.



5) INDEBTEDNESS:

(Rs. in Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | Federal Bank Loan Rs. | | | |
| i) Principal Amount | 982.72 | --- | --- | 982.72 |
| ii) Interest due but not paid | --- | --- | --- | --- |
| iii) Interest accrued but not due | --- | --- | --- | --- |
| Total (i+ii+iii) | 982.72 | --- | --- | 982.72 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 31.12 | --- | --- | 31.12 |
| Reduction | | --- | --- | --- |
| Net Change | 31.12 | --- | --- | 31.12 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1013.84 | | | 1013.84 |
| ii) Interest due but not paid | --- | --- | --- | --- |
| iii) Interest accrued but not due | --- | --- | --- | --- |
| Total (i+ii+iii) | 1013.84 | | | 1013.84 |

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 2017-18 : (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 | 18,15,000 | 9,00,000 | 12,00,000 | 39,15,000 |
| | (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 profit | | | | |
| 5 | Others, please specify | | | | |
| | Total (A) | 18,15,000 | 9,00,000 | 12,00,000 | 39,15,000 |
| | 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 2017-18 : (Rs.)

| | Particulars of Remuneration Independent Director | Smt. Geetha Santhanagopalan | Shri G.P. Roy | Total Amount |
|--|---|--------------------------------|---------------|-----------------|
| | Fee for attending board committee meeting | 20,000 | 10,000 | 30,000 |
| | Commission | --- | --- | --- |
| | Others, please specify | --- | --- | --- |
| | Total | 20,000 | 10,000 | 30,000 |

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NIL

| SN | Particulars of Remuneration | Key Managerial Personnel | | | |
|----|---|--------------------------|-----|-----|-------|
| | | CEO | CS | CFO | Total |
| 1 | Gross salary | Nil | Nil | Nil | Nil |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission | Nil | Nil | Nil | Nil |
| | - as % of profit | Nil | Nil | Nil | Nil |
| | others, specify... | Nil | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil | Nil |
| | Total | Nil | Nil | Nil | Nil |

3. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES :

| Type | Section of the Companies Act | Brief Description | Details of Penalty / Punishment / Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, If any (give Details) |
|-------------------------------------|------------------------------|-------------------|--|-------------------------------|------------------------------------|
| A. COMPANY | | | | | |
| Penalty Punishment Compounding | | | None | | |
| B. DIRECTORS | | | | | |
| Penalty Punishment Compounding | | | None | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty Punishment Compounding | | | None | | |

Company's Policy on Directors Appointments and Remuneration :

In compliance with the provisions of Section 178 of the Companies Act, 2013, read with SEBI (LODR) Regulations, 2015, 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.
- He should be knowledgeable and diligent in updating his knowledge.
- He should have qualifications, skills, experience and expertise by which the company can benefit.
- 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 regulation 17 of SEBI (LODR).
- 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 monitoring, recognition, management skills, vision, ability to steer the organisation even in adverse conditions, innovative thinking, result oriented approach, ability to enhance reputation of the organisation.

B. Criteria for appointing Senior Management Employee / Key Managerial Personal.

- He should have the required educational qualification, skills and functional knowledge for the post and eye for detailing and compliance.
- 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.
- Screening of the potential conflicts of interest and independence.
- Detailed background information in relation to a potential candidate should be provided to all directors.
- The identification of potential candidates may be assisted by the use of external search organisations 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.



ANNEXURE -2

RATIO OF REMUNERATION

| Particulars | K. Vinod Bhat, Managing Director | Sripad Rao, Whole-time-Director | E.N. Veeranna, Whole-time- Director |
|---|---|------------------------------------|--|
| i. the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year; | 17.00 | 8.50 | 11.34 |
| ii. the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year; | NIL | NIL | NIL |
| iii. the percentage increase in the median remuneration of employees in the financial year; | 14.11% | | |
| iv. the number of permanent employees on the rolls of company; | 499 | | |
| v. the explanation on the relationship between average increase in remuneration and company performance; | The increase in the remuneration was 3.51% 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; | Remuneration Rs. 39.15 Lakhs. The Turnover of the Company is Rs. 3153.69 Lakhs. | | |
| vii. variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and 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, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year; | 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 2017-18 is 0.67%. The average percentile increase in the remuneration of employees in management cadre in FY 2017-18 is NIL. | | |
| ix. comparison of the each remuneration of the Key Managerial Personnel against the performance of the company | Remuneration Rs. 39.15 Lakhs. The Turnover of the Company is Rs. 3153.69 Lakhs. | | |
| 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; | 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 | | |

Information required as per Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ;

| | |
|---|-----|
| i. 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 | NIL |
| ii. 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 |
| iii. 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 |

**ANNEXURE TO THE BOARD'S REPORT
REPORT ON CORPORATE GOVERNANCE
MANDATORY REQUIREMENTS**

A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF 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.

1. BOARD OF DIRECTORS

a. The Company currently has 5 (Five) Directors, comprise of 3 (Three) Whole-Time-Directors and 2 (Two) Independent Directors.

After due circulation of agenda and notes thereon, the Board of Directors have met at reasonable periods of intervals to transact business on various Board's functions, responsibilities and accountabilities. Compliances of various Laws and Regulations along with the Corporate Philosophy, goal, plans and strategies have been dwelt at length by the Board at its various proceedings.

The details of the Directors' attendance at the Meetings of the Board of your Company during the financial year end 31st March 2018 are given below:

| Sl. No. | Name | DIN | Category | Designation | No. of Board Meetings Held | No. of Board Meetings Attended | Attended Last AGM |
|---------|------------------------------|----------|---------------|----------------------|----------------------------|--------------------------------|-------------------|
| 1. | Mr. K. Vinod Bhat | 02359812 | Executive | Managing Director | 6 | 6 | Yes |
| 2. | Mr. K. Vishal Bhat * | 02446614 | Non-Executive | Executive | 6 | 3 | No |
| 3. | Mr. M. Sripad Rao | 00920044 | Executive | Whole Time Director | 6 | 5 | Yes |
| 4. | Mr. E.N. Veeranna | 00920219 | Executive | Whole Time Director | 6 | 6 | Yes |
| 5. | Mrs. Geetha Santhana Gopalan | 06602023 | Independent | Independent Director | 6 | 6 | No |
| 6. | Mr. G.P. Roy | 06487847 | Independent | Independent Director | 6 | 1 | No |

* Mr. K. Vishal Bhat resigned to the directorship w.e.f. 01/12/2017.

b. DETAILS OF BOARD MEETINGS HELD DURING THE YEAR

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings.

During the financial year 2017-18 6 meetings of the Board of Directors were conducted details as under:

One Board meetings during May 2017 viz. 30/05/2017, and remaining five meetings on 26/08/2017,13/09/2017,02/11/2017,13/12/2017 and 13/02/2018 respectively. The gap between two board meetings did not exceed four months.

None of the Non-executive Directors has any material pecuniary relationship or transactions with the Company.

2. AUDIT COMMITTEE

The Audit Committee is responsible for over view of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; recommending the appointment and removal of the statutory and internal auditors, fixation of audit fees, the approval for payment for any other services and reviewing with the management the annual financial statements before submission to the Board.

The Committee also meets the management team and reviews the operations, new initiatives and performance of the business units. The minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

The Audit Committee is comprised of the following Directors:

- (i). G.P. Roy (Chairman of the Committee) (DIN : 06487847)
- (ii). Mrs. Geetha Santhanagopalan (DIN : 06602023)
- (iii). K. Vishal Bhat (DIN : 02446614)

The Audit Committee met 4 times from times during the year on 1st April 2017 to 31st March 2018 on the following dates: 30/05/2017, 13/09/2017,13/12/2017 & 13/02/2018



The details of attendance of the Meetings of the Audit Committee are as follows:

| Sl. No. | Name | No. of Meetings attended during the year |
|---------|-----------------------------|--|
| 1. | G.P. Roy | 4 |
| 2. | Mrs. Geetha Santhanagopalan | 4 |
| 3. | K. Vishal Bhat | 1 |

The Audit Committee reviewed the financial results, accounting and financial controls as well as policies and practices as also internal control and internal audit systems.

3. NOMINATION AND REMUNERATION COMMITTEE

The functions of Remuneration Committee are as follows:

- * Formulation of criteria for persons to become Director and to senior management positions including KMPs and recommending to the Board for their appointments and removal.
- * Continuous review and evaluation of the performance of the Board members.
- * Broadly oversee the Administrative and Executive compensation programme.
- * Any other functions as may be mandated by the Board or any Statutes or enactment.

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The Nomination and Remuneration Committee consists of the following Directors:

- (i). Mrs. Geetha Santhanagopalan (Chairman of the Committee) (DIN : 06602023)
- (ii). G.P. Roy (DIN : 06487847)
- (iii). K. Vishal Bhat (DIN : 02446614)

The Committee met twice during the year 2017-18 viz on 30/08/2017 & 10/11/2017

| Sl. No. | Name | No. of Meetings attended during the year |
|---------|--|--|
| 1. | Mrs. Geetha Santhanagopalan Chairman of the Committee | 2 |
| 2. | G.P. Roy | NIL |
| 3. | K. Vishal Bhat | 2 |

Details of Remuneration of all Directors:

| Sl. No. | Name | Designation | Salary (in Rs.) | Sitting Fee (Rs.) |
|---------|-----------------------------|----------------------|-----------------|-------------------|
| 1. | Mr. K. Vinod Bhat | Managing Director | 18,15,000 | NIL |
| 2. | Mr. M. Sripad Rao | Whole Time Director | 9,00,000 | NIL |
| 3. | Mr. E.N. Veeranna | Whole Time Director | 12,00,000 | NIL |
| 6. | Mrs. Geetha Santhanagopalan | Independent Director | NA | 20,000 |
| 7. | Mr. G.P. Roy | Independent Director | NA | 10,000 |

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The functions of Stakeholders' Relationship Committee are as follows:

- * To look into the shareholders complaints, if any and to redress the same expeditiously.
- * To approve the request for issue of duplicate share certificates and issue of certificates after split/consolidation.

The Stakeholders' Relationship/Grievance Committee consists of the following:

- (i). G.P. Roy (Chairman of the Committee) (DIN : 06487847)
- (ii). Mrs. Geetha Santhanagopalan (DIN : 06602023)
- (iii). K. Vishal Bhat (DIN : 02446614)

The Sub-Committee duly appointed by the aforesaid Committee met continuously to address the various issues relating to the investors, including non-receipt of Annual Reports, Dividend related issues, Change of addresses, transfers of shares, dematerialization and other related aspects. The Company has also continuously requisitioned the services of an independent Practicing Company Secretary to wherever required. No major grievance of any investor was pending as on 31st March 2018.

5. INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on 30/05/2017, inter alia, to discuss:

- * Evaluation of the performance of the Non-Independent Directors and the Board as a whole,
- * Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non-Executive Directors,
- * Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors viz., Mrs. Geetha Santhanagopalan, K. Vishal Bhat & G.P. Roy were present at the Meeting.

The Company had also further during the year, conducted Familiarisation programme for Independent Directors of the Company.

6. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS

The Company has laid down the criteria for making payments to the Non-Executive Directors.

7. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR), Regulations 2015, the Board has carried out the annual performance evaluation of its own performance and the Directors individually. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance etc.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Corporate Secretarial Department.

8. COMPLIANCE OFFICER AND ADDRESS FOR CORRESPONDENCE :

Mr. Ravi Shankar H.S.
Namaste Exports Ltd
No. 21/2, Vittalnagar,
Chamarajpet, Bangalore -560 018

9. DETAILS OF ANNUAL GENERAL MEETING (AGM)

| Year | Date | Time | Location |
|-----------|---------------------|------------|---|
| 2014-2015 | 30th September 2015 | 10.30 a.m. | G.T.R. Prince Palace, Lakshman Garden, 80 Feet Road, BSK 2nd Stage, Bangalore-560 070 |
| 2015-2016 | 29th September 2016 | 10.30 a.m. | G.T.R. Prince Palace, Lakshman Garden, 80 Feet Road, BSK 2nd Stage, Bangalore-560 070 |
| 2016-2017 | 28th September 2017 | 10.30 a.m. | G.T.R. Prince Palace, Lakshman Garden, 80 Feet Road, BSK 2nd Stage, Bangalore-560 070 |



Particulars of Special Resolution passed in the last three AGMs are given below:

| | |
|--|-----|
| | Nil |
| | Nil |
| | Nil |

10. MEANS OF COMMUNICATION

The Company's financial results and shareholding pattern are displayed in the Company's website. The Company does not make any representations to the Institutional investors or to the Analysts.

11. DISCLOSURES

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

RELATED PARTY TRANSACTION

There are no transactions with the related parties are disclosed in "Other Notes to Financial Statements" under Note 5(j) in the Annual Report.

The Company has formulated a policy on materiality of related party transactions and also on dealing with Related Party Transactions.

CODE OF CONDUCT

The Company has adopted a Code of Conduct which has been implemented. The Code of Conduct is made applicable to the Directors and Senior Management Team.

CEO AND CFO CERTIFICATION

The Director of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under SEBI Regulations 33 of SEBI (LODR) Regulations 2015, for the period ended 31st March 2018.

COMPLIANCES

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

12. GENERAL SHAREHOLDERS' INFORMATION

The following information would be useful to the Shareholders:

- 1) Annual General Meeting Date and Time: 29th September, 2018 at 10.30 AM
- 2) Financial Year: 1st April 2017 to 31st March 2018
- 3) Book Closure Date: 29th September, 2018

4) Depositories

National Securities Depository Limited (NSDL)
Central Depository Services Limited (CDSL)
Scrip Code: BSE-526059ISIN: INE583A01017

5) Registrars & Share Transfer Agents (Yet to be approved by NSDL & CDSL)

Integrated Enterprises (India) Limited
30 Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 500081
Phone 080-23460815/818 Fax 080-23460819 Email irg@integratedindia.in

6) Listing on Stock Exchanges :

Delisting of Shares as per directions of SEBI / BSE / NSE is in process with National Stock Exchange and Bombay Stock Exchange.

7) Dematerialisation of Shares as on 31.03.2018

As on 31st March 2018, 1.11% 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.

8) **Share Transfer System:** The Company in consultation with the RTA ensures that the transfers of shares in physical form and dematerialization take place well within the time limits.

9) **Distribution of Shareholding as at 31st March 2018**

| Category (Amount) | No. of Cases | % of Cases | Total Shares | Amount | % of Amount |
|-------------------|--------------|------------|--------------|---------|-------------|
| 0 - 5000 | 9755 | 80.467 | 1139620 | 1139620 | 0.817 |
| 5001 - 10000 | 1374 | 11.377 | 545130 | 545130 | 0.392 |
| 10001 - 20000 | 584 | 4.835 | 487580 | 487580 | 0.350 |
| 20001 - 30000 | 208 | 1.722 | 307890 | 307890 | 0.222 |
| 30001 - 40000 | 60 | 0.497 | 151110 | 151110 | 0.108 |
| 40001 - 50000 | 23 | 0.191 | 82360 | 82360 | 0.059 |
| 50001 - 100000 | 20 | 0.166 | 94800 | 94800 | 0.068 |
| 100001 & Above | 27 | 0.223 | 192750 | 192750 | 0.138 |

10) **Categories of Shareholding as at 31st March 2018**

| Category | No. of Shared held | % of Holding |
|---|--------------------|---------------|
| A. Promoters Holding | | |
| i. Indian Promoters | 40818600 | 29.73 |
| ii. Foreign Promoters | | |
| iii. Promoter Group | 72,44,7190 | 52.77 |
| Sub Total | 113265790 | 82.50 |
| B. Non-Promoters Holding | | |
| i. Mutual Fund and UTI | 33200 | 0.02 |
| ii. Banks and Financial Institutions | 5682550 | 4.13 |
| iii. Central Government | 1000 | 0.01 |
| iv. Individual Shareholders holding nominal share capital upto Rs. 2 lakhs | 2986627 | 2.17 |
| v. Individual Shareholders holding nominal share capital in excess of Rs. 2 lakhs | 330000 | 0.24 |
| vi. NRIs + OCBs | 23135 | 0.02 |
| vii. Hindu Undivided Family | 8303 | 0.01 |
| viii. Bodies Corporate | 5492850 | 4.00 |
| vii. Friends & Relatives | 9467775 | 6.90 |
| Sub Total | 24025440 | 17.50 |
| Grand Total (A+B) | 137291230 | 100.00 |

11) **Dematerialization of Shares and Liquidity as at 31st March 2018**

Control Report as on 31st March 2017

| Description | No. of Holders | Shares | % to Equity |
|--------------|----------------|------------------|---------------|
| PHYSICAL | 9288 | 135768615 | 98.89 |
| NSDL | 2116 | 1312534 | 0.96 |
| CDSL | 647 | 210081 | 0.15 |
| TOTAL | 12051 | 137291230 | 100.00 |



Comparative Report as on 31st March 2017

| Description | No. of Holders | Shares | % to Equity |
|-----------------|----------------|------------------|---------------|
| PHYSICAL | 9288 | 135768615 | 98.89 |
| ELECTRONIC FORM | 2763 | 1522615 | 1.11 |
| TOTAL | 12051 | 137291230 | 100.00 |

12) Number of days taken for dematerialisation : 15 days from the date of Physical documents received.

13) Dematerialisation request from 1st April 2017 to 31st March 2018.

As application for change of RTA is pending with CDSL / NSDL, no dematerialisation request attended during the year.

| Sl. No. | Depositories | No. of Cases | No. of Shares | % of Shares |
|---------|--------------|--------------|---------------|-------------|
| 1. | | | | |
| 2. | | | | |

14) Postal Ballot

No Resolution was passed during the year attracting Postal Ballot and no resolution attracting Postal Ballot is recommended at this Meeting.

15) Report on Corporate Governance

This report together with the information given in Directors Report constitutes a detailed compliance report on Corporate Governance during the current year.

16) Disclosures regarding suspense account pursuant to SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated 24th April 2009: As per the above mentioned Circular, Clause 5A stands for shares issued pursuant to the public issues or any other issue which remain unclaimed and are lying in the escrow account and any unclaimed benefits like Dividend, Bonus Shares etc., which are to be credited to the Demat Suspense Account. This being the first year after the circular coming into force from April 2009, your Company is taking steps to streamline all the requirements.

17) Plant Locations

The Company works location is at the premises of the Registered Office at Bangalore and Chennai.

18) Company's address for correspondence :-

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

19) **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.

20) **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.

21) 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.

22) Shareholders may correspond with the Company at its Registered Office.

23) Status of Investors - Complaints received during the period 1st April 2017 to 31st March 2018- There are no pending complaints as on 31st March 2018.

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 Other Notes to Financial Statements under Note No. 5(j) in the Annual Report.

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 Regulation 27 of SEBI (LODR) 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.

Bangalore-560 018
1st September 2018

For Namaste Exports Limited

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



FORM NO. A0C-2

NAMASTE EXPORTS LIMITED

Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|---|--|
| a. | Name(s) of the related party & nature of relationship | ELITE Leather International Private Limited |
| b. | Name(s) of contracts / arrangements / transaction | Trade advances carried forward |
| c. | Duration of contracts / arrangements / transaction | NA |
| d. | Salient terms of the contracts or arrangements or transaction including the value, if any | (Outstanding on 31-03-2018 Rs. 16.23 Lakhs) |
| e. | Date of approval (Renewal) by the Board | 30-05-2015 |
| f. | Amount paid as advances, if any | NIL |

2. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|---|---|
| a. | Name(s) of the related party & nature of relationship | MNS Exports Private Limited |
| b. | Name(s) of contracts / arrangements / transaction | Trade advances carried forward |
| c. | Duration of contracts / arrangements / transaction | NA |
| d. | Salient terms of the contracts or arrangements or transaction including the value, if any | (Outstanding on 31-03-2018 Rs. 1.85 Lakhs) |
| e. | Date of approval (Renewal) by the Board | 30-05-2015 |
| f. | Amount paid as advances, if any | NIL |

3. Details of contracts or arrangements or transactions at Arm's length basis.

| Sl. No. | Particulars | Details |
|---------|---|--|
| a. | Name(s) of the related party & nature of relationship | N.P. Properties Private Limited |
| b. | Name(s) of contracts / arrangements / transaction | Trade advances carried forward |
| c. | Duration of contracts / arrangements / transaction | NA |
| d. | Salient terms of the contracts or arrangements or transaction including the value, if any | (Outstanding on 31-03-2017 Rs. 18.00 Lakhs) |
| e. | Date of approval (Renewal) by the Board | 15-05-2015 |
| f. | Amount paid as advances, if any | NIL |

For Namaste Exports Limited

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

Place : Bangalore
Date : 1st September 2018

CEO and CFO CERTIFICATION

**The Board of Directors
Namaste Exports Ltd
Bangalore**

Dear members of the Board,

I, K. Vinod Bhat, Managing Director of Namaste Exports Limited, to the best of our knowledge and belief, certify that:

1. I have reviewed the financial statements and Cash Flow Statement for the year ending 31st March, 2018
2. These Statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statements made in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. The financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for the periods presented in this report and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. There are no transactions entered into by the Company during the year that are fraudulent, illegal or violate the Company's Code of Conduct and Ethics, except as disclosed to the Company's auditors and the Company's Audit Committee of the Board of Directors.
5. I accept responsibility for establishing and maintaining internal controls reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I aware and the steps I have taken or proposed to take to rectify these deficiencies.
6. I have indicated, to the Auditors and Audit Committee:
 - a. Significant changes in internal control over financial reporting during the year
 - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For Namaste Exports Limited

Place : Bangalore
Date : 1st September, 2018

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



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NAMASTE EXPORTS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Namaste Exports Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 standalone 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. In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone financial statements 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone financial statements.

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

Basis of qualified opinion

a. The Company has paid Rs. 2,05,12,000/- to Industrial Development Bank of India, on 19/09/2016 to buy back 20,51,200 equity shares of Re. 1 each of the Company. The buyback of shares was done even though Company did not have reserves or security premium or not raised further equity to fund the buy back as required under the provisions of section 68 of the Companies Act, 2013, read with Rule 17 of Companies (Share Certificate & Debentures) Rules, 2014. The Company has not obtained necessary approvals / made filings under section 68 of the Companies Act, 2013 read with Companies (Share Certificate & Debentures) Rules, 2014 Securities Exchange Board of India, Stock Exchange (refer note no 13 (i)).

b. As detailed in Note No 13(j) the Company has not filed required documents with Registrar of Companies, Karnataka, Bangalore, regarding increase in authorized capital, paid up capital, reduction in the face value of paid up capital and other documents relating to amalgamation / restructuring for a substantial period.

c. As referred in note 6 advance of Rs. 1.83,76,956 is due for substantial period from a firm in which relatives of a director are interested. As per the documents produced before us, the Company has neither taken steps to register the property nor taken steps to recover the said dues.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, **subject to the effect of the matters described**

in the basis of qualified opinion paragraph, 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, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our opinion, we draw attention to

a. Note No 24 (o) to the financial statements, relating to delisting of the shares of the Company. As per the notification of BSE, the Company, directors and promoters have got certain obligations as detailed in the said note. Non fulfilling of the said obligations may result in consequential liabilities which are not ascertainable.

b. The Company has incurred continuous losses during last 5 years which will have an impact on the Company's ability to continue as a going concern. However, based on the assurance by the management relating to the funding and adequate orders to sustain the continued operations, accounts are prepared on a going concern basis.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (CARO 2016 or "the Order") issued by the Central Government of India in terms of subsection (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

d. In our opinion, the aforesaid standalone 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 the written representations received from the directors as on March 31st, 2018, taken on record by the Board of Directors, none of the directors are disqualified as on March 31st, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in Annexure B, and

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the 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- Refer Note 24 (h) of Notes to the financial statements;

ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including pending derivative contracts wherever applicable;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November, 2016 to 30th December 2016, are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For Murugesh & Co,
Chartered Accountants,
Registration No: 002233S

H B M Murugesh
Partner
Membership No: 020497

Place: Bangalore
Date: 01-09-2018

ANNEXURE - A TO THE AUDITOR'S REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2018, we report that:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b. The fixed assets of the Company have been verified by the management during the year. No material discrepancies were noticed on such verification and the same have been properly dealt with in the books of account. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its business;
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable properties are held in the name of the Company except for one free hold land with gross value amounting to Rs. 294,80,826/-. The title deeds of this property is in the name of Success Apparels Private Limited (SAPL) which was amalgamated with the Company with effect from 1st April 2012 as per the order of the BIFR and SAPL was wound up without any further act. However, the title deeds of the immovable property held by SAPL is yet to be transferred to the name of the Company.
- ii. Inventories other than those lying with third parties have been physically verified during the year by the management. In our opinion, the frequency of verification was reasonable. 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. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in pursuance of the scheme of amalgamation approved by the Board of Industrial and Financial Reconstruction (BIFR) dated 20th December 2013, the balance of interest free unsecured capital advance to a party listed in the register maintained under section 189 of the Companies Act, 2013 has been included and grouped in the books of the Company. This advance is in the nature of unsecured loan to a party covered in the register maintained under section 189 of the Companies Act, 2013.
 - a. We are not able to express an opinion as to whether the terms and conditions of the advance referred to above, are prima facie prejudicial to the interest of the Company.
 - b. We have been informed that pending completion of legal formalities, the terms and conditions of repayment of principal has not been stipulated. We are not able to express an opinion as to whether repayments are regular.
 - c. We are able to express an opinion as to whether any amount is overdue and whether reasonable steps have been taken by the Company for recovery of principal.
- iv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, investments, guarantees, and securities to parties covered under section 185 and 186 of the Companies Act, 2013 except **advance of Rs. 1.83,76,956 (refer note no 6 & r/w Note No. 24J Related party transactions) is due for substantial period from a firm in which relatives of a director are interested. As per the documents produced before us, the Company has neither taken steps to register the property nor taken steps to recover the said dues.**
- v. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted any deposits and hence the requirement of clause 3 (v) of Companies (Auditor's Report) Order, 2016 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, 2016 is not applicable to the Company during the year under review.
- vii. a. The Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable. There were no undisputed amounts payable in respect of Provident Fund, Employees' State

Insurance, Income Tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

- b. According to the information and explanation given to us, the following amounts of income tax or sales 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 | Amount (Rs.) | Related Period | Forum where dispute is pending |
|----------------------|----------------|--------------|----------------|------------------------------------|
| Income Tax Act, 1961 | Income Tax | 16,10,494/- | 2005-06 | Honourable High Court of Karnataka |

- viii. 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, government or debenture holders.
- ix. In our opinion and according to the information and explanations given to us, during the year the Company did not raise any money by way of initial public offer, or further public offer (including debt instruments) or term loans. Accordingly, clause 3 (ix) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- x. According to the information and explanations given to us, a fraud on the Company by its employees in payment of salaries amounting to Rs. 70 Lakhs has been reported. Out of the same, Rs. 13 Lakhs has since recovered up to the date of this report. (refer note no. 24(p)).
- xi. According to the information and explanations given to us and based on our examination of records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a nidhi Company. Accordingly, clause 3 (xii) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly paid debentures during the year.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non cash transactions with directors or persons connected with him. Accordingly, clause 3 (xv) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- xvi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Murugesh & Co,
Chartered Accountants,
Registration No: 002233S

H B M Murugesh
Partner
Membership No: 020497

Place: Bangalore
Date: 01-09-2018

**ANNEXURE - B TO THE AUDITOR'S REPORT****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Namaste Exports Limited ("the Company") as of 31st March 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts

and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Adverse Opinion

According to the information and explanation given to us and based on our audit, the following material weakness has been identified as at 31st March 2018.

The Company did not have an appropriate internal control system for receipt of material and reconciliation of material consumption, which could potentially result in the Company losing revenue.

The Company did not have appropriate internal control system on payment of salaries.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effect of the material weakness/es described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2018, financial statements of the Company, and the same is reported under emphasis of matters in our audit report of even date.

For Murugesh & Co,
Chartered Accountants,
Registration No: 002233S

H B M Murugesh
Partner
Membership No: 020497

Place: Bangalore
Date: 01-09-2018

BALANCE SHEET AS ON 31ST MARCH 2018

Amount Rs. in Lakhs

| Particulars | Note No. | 31/03/2018 | 31/03/2017 | 31/03/2016 |
|--|----------|----------------|----------------|----------------|
| ASSETS | | | | |
| Non -current assets | | | | |
| Property, Plant and Equipment | 2 | 804.81 | 827.90 | 885.03 |
| Other Intangible Assets | 3 | 1.69 | 1.84 | 1.10 |
| Assets held for Sale | | - | - | 30.48 |
| Financial Assets | | | | |
| i) Investments | 4 | 9.88 | 11.78 | 8.29 |
| ii) Loans and Advances | | - | - | - |
| iii) Other Financial Assets | 5 | 30.74 | 35.76 | 33.29 |
| Deffered Tax Assets | | - | - | - |
| Other Non Current Assets | 6 | 183.77 | 202.21 | 183.77 |
| Total Non Current Assets | | 1030.88 | 1079.48 | 1141.96 |
| Current Assets | | | | |
| Inventories | 7 | 814.94 | 997.28 | 735.00 |
| Financial Assets | | | | |
| i) Trade Receivables | 8 | 124.91 | 292.41 | 307.25 |
| ii) Cash and Cash Equivalents | 9 | 582.47 | 666.71 | 304.28 |
| iii) Bank Balances Other Than (ii) above | 10 | 116.02 | 145.15 | 223.30 |
| iv) Loans and Advances | 11 | 240.33 | 235.62 | 108.81 |
| v) Other Financial Assets | | 9.21 | 9.21 | 9.21 |
| Current Tax Assets | | 53.45 | 48.31 | 41.24 |
| Other Current Assets | 12 | 141.58 | 23.90 | 22.00 |
| Total Current Assets | | 2082.90 | 2418.59 | 1751.08 |
| Total Assets | | 3113.78 | 3498.07 | 2893.04 |
| Equity and Liabilities | | | | |
| Equity | | | | |
| (a) Equity Share Capital | 13 | 1,372.91 | 1,372.91 | 1,393.42 |
| (b) Other Equity | 14 | (584.11) | (82.78) | (442.36) |
| Equity attributable to owners | | 788.80 | 1290.13 | 951.07 |
| LIABILITIES | | | | |
| Non - current liabilities | | | | |
| Provisions | 15 | 62.42 | 45.65 | - |
| Total Non Current Liabilities | | 62.42 | 45.65 | - |
| Current Liabilities | | | | |
| Financial Liabilities | | | | |
| i) Borrowings | 16 | 1013.84 | 982.72 | 854.15 |
| ii) Trade Payable | 17 | 841.21 | 821.43 | 655.70 |
| iii) Other Financial Liabilities | 18 | 262.43 | 268.18 | 273.40 |
| Provisions | 19 | 55.37 | 61.89 | 93.84 |
| Other Current Liabilities | 20 | 89.72 | 28.07 | 64.87 |
| Total Current Liabilities | | 2262.56 | 2162.29 | 1941.97 |
| Total Liabilities | | 2324.98 | 2207.94 | 1941.97 |
| Total Equity and Liabilities | | 3113.78 | 3498.07 | 2893.04 |

The accompanying notes form an integral part of the standalone financial statements

As per our attached report of even date

For Muruges & Co,
Chartered Accountants,
Registration No: 002233S

For and on behalf of the Board

H B M Muruges
Partner
Membership No: 020497

K. VINOD BHAT
Managing Director
(DIN : 02359812)

M. SRIPAD RAO
Whole-Time Director
(DIN : 00920044)

E.N. VEERANNA
Director -Finance
(DIN : 00920219)

Place: Bangalore
Date: 01-09-2018



| STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2018 | | | | | |
|---|--|----------|---|---|---|
| | | | | Amount Rs. in LAKHS | |
| Sl. No. | Particulars | Note No. | Year ended 31-3-2018 | Year ended 31-3-2017 | |
| Continuing operations | | | | | |
| | Revenue from operations | 21 | 3047.16 | 3268.41 | |
| | Other income | 22 | 106.53 | 286.04 | |
| | Total Income | | 3153.69 | 3554.46 | |
| Expenses | | | | | |
| | Cost of materials consumed | 23 | 1775.89 | 1790.70 | |
| | Changes (Increase) / Decrease in inventories of finished goods, work-in-progress | 24 | 30.96 | (38.57) | |
| | Employee benefits expense | 25 | 1164.26 | 1182.45 | |
| | Financial costs | 26 | 103.57 | 110.02 | |
| | Depreciation and amortization expense | 27 | 66.43 | 65.21 | |
| | Other expenses | 28 | 522.50 | 623.14 | |
| | Total Expenses | | 3663.61 | 3732.96 | |
| | Profit / (Loss) before exceptional items and tax | | (509.92) | (178.50) | |
| | Exceptional Items | 29 | | 724.17 | |
| | Profit / (Loss) before tax from continuing operations | | (509.92) | 545.67 | |
| | Profit / (Loss) from continuing operations | | (509.92) | 545.67 | |
| | Other Comprehensive Income | 30 | | | |
| Items that will not be classified to the Profit & Loss Account | | | | | |
| | Re-measurement Loss on defined benefit plan | | 10.50 | (4.99) | |
| | Re-measurement of investments | | (1.90) | 3.50 | |
| | Total Comprehensive Income | | (501.32) | 544.18 | |
| Earnings per equity share (For continuing operation) | | | | | |
| | Basic & Diluted | | (0.37) | 0.40 | |
| Earnings per equity share (For discontinued operation) | | | | | |
| | Basic & Diluted | | (0.37) | 0.40 | |
| Earnings per equity share (For discontinued & continuing operation) | | | | | |
| | Basic & Diluted | | (0.37) | 0.40 | |
| See accompanying notes to the financial statements | | | | | |
| As per our attached report of even date | | | | | |
| For Murugesh & Co, Chartered Accountants, Registration No: 002233S | | | For and on behalf of the Board | | |
| H B M Murugesh Partner Membership No: 020497 | | | K. VINOD BHAT Managing Director (DIN : 02359812) | M. SRIPAD RAO Whole-Time Director (DIN : 00920044) | E.N. VEERANNA Director -Finance (DIN : 00920219) |
| Place: Bangalore Date: 01-09-2018 | | | | | |

| CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018 | | Amounts Rs. in Lakhs |
|--|---|---|
| Particulars | 2017-18 Rs. | 2016-17 Rs. |
| A.Cashflow from operating activities | | |
| Net profit before tax and extraordinary items | (501.32) | 544.18 |
| Adjustments for: | | |
| Depreciation(net) | 66.43 | 65.21 |
| Adjustment for remeasurement of investments/ retirement benefits | 1.90 | (3.48) |
| Dividend Income | (1.27) | - |
| Interest income | (47.29) | (39.65) |
| Interest expenditure | 103.57 | 110.02 |
| Loss/(profit)on discard/Sale of fixed assets | - | (724.17) |
| Operating profit/(Loss)before working capital changes | (377.99) | (47.88) |
| Adjustments for changes in : | | |
| Decrease / (increase) in inventories | 182.34 | (262.29) |
| Decrease / (increase) in trade receivables | 167.50 | 14.84 |
| Decrease / (increase) in other assets | (69.80) | (53.04) |
| Decrease / (increase) in trade payables | 19.79 | 165.73 |
| Decrease / (increase) in other liabilities | 55.89 | (40.45) |
| Decrease / (increase) in provisions | 10.24 | 13.70 |
| Cash generated from operations | (12.02) | (209.39) |
| Income tax paid(net) | (5.13) | (7.08) |
| Net cashflow from operating activities | (17.16) | (216.47) |
| Extraordinary Items | | |
| Net Cash Flow from/(used in) Operating Activities | (17.16) | (216.47) |
| B.Cashflow from investing activities | | |
| Purchase of Fixed Assets | (43.19) | (30.87) |
| Proceeds from Sale of Fixed Assets | - | 758.26 |
| Dividend Income | 1.27 | - |
| Interest received | 47.29 | 39.65 |
| Net cash used in investing activities | 5.37 | 767.04 |
| C.Cashflow from Financing activities | | |
| Increasein borrowings | 31.12 | 127.00 |
| Increasein Long term borrowings | - | - |
| Buy back of shares | - | (205.12) |
| Interest & Financial charges | (103.57) | (110.02) |
| Net cash used in Financing activities | (72.45) | (188.14) |
| Net increase/(Decrease)in Cash & Cash equivalent(A+B+C) | (84.23) | 362.43 |
| Cash &Cash equivalent | | |
| Opening balance | 666.71 | 304.28 |
| Closing balance | 582.47 | 666.71 |
| Net increase/Decrease in cash and cash equivalents | (84.23) | 362.43 |
| See accompanying notes to the financial statements | | |
| As per our attached report of even date | | |
| For Muruges & Co, Chartered Accountants, Registration No: 002233S | For and on behalf of the Board | |
| H B M Muruges Partner Membership No: 020497 | K. VINOD BHAT Managing Director (DIN : 02359812) | M. SRIPAD RAO Whole-Time Director (DIN : 00920044) |
| Place: Bangalore Date: 01-09-2018 | E.N. VEERANNA Director -Finance (DIN : 00920219) | |

**STATEMENT OF CHANGES IN EQUITY**

Amounts Rs. in Lakhs

A) Equity Share Capital

| Equity shares of INR 10 each issued, subscribed and fully paid | Number | Amount | |
|--|---------------------|-----------------|--|
| On 1st April 2016 | 13,93,42,430 | 1,393.42 | |
| Changes in equity share capital during the year | (20,51,200) | (20.51) | |
| Balance at March 31,2017 | 13,72,91,230 | 1,372.91 | |
| Changes in equity share capital during the year | - | - | |
| Balance at March 31,2018 | 13,72,91,230 | 1,372.91 | |

B) Other equity

Amounts Rs. In Lakhs

| Particulars | Other Reserves (Capital Redemption Reserve) | Retained Earnings | Other Comprehensive Income (OCI) | Total |
|--|---|-------------------|----------------------------------|-----------------|
| Balance at April 1, 2016 | - | (443.45) | 1.09 | (442.36) |
| Profit for the year/Additions during the Year | 20.51 | 545.67 | - | 566.19 |
| Transfer to Capital Redemption Reserve | - | (20.51) | - | (20.51) |
| Buy back of equity shares | - | (184.61) | - | (184.61) |
| Re-measurement gains/(Losses) on defined benefit plans, net of tax | - | - | (4.99) | |
| Re-measurement gains/(Losses) on defined benefit plans, net of tax | - | - | 3.50 | |
| Net(Loss)/gain on investment in equity shares/units accounted at fair Value,Net of tax | - | - | - | |
| Balance as at March 31, 2017 | 20.51 | (102.89) | (0.40) | (82.78) |
| Profit for the year/Additions during the Year | - | (509.92) | - | (509.92) |
| Cash dividend paid including (Including divided tax thereon) | - | - | - | |
| Re-Measurement of gains /(losses)on defined benefit plans ,net of tax | - | - | 10.50 | |
| Net /(Loss) gain on Investment in equity shares /units accounted at fair value ,net of tax | - | - | (1.90) | |
| Balance at March 31, 2018 | 20.51 | (612.82) | 8.20 | (584.11) |

See accompanying notes to the financial statements

As per our attached report of even date

For Muruges & Co,
Chartered Accountants,
Registration No: 002233S

For and on behalf of the Board

H B M Muruges
Partner
Membership No: 020497

K. VINOD BHAT
Managing Director
(DIN : 02359812)

M. SRIPAD RAO
Whole-Time Director
(DIN : 00920044)

E.N. VEERANNA
Director -Finance
(DIN : 00920219)

Place: Bangalore
Date: 01-09-2018

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

1. Corporate Information:

NAMASTE EXPORTS LIMITED ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is situated at No. 17, Vittalnagar, Chamarajpet, Bangalore 560 018.

The Company is primarily engaged in the business of manufacture of leather garments.

2. Significant Accounting Policies:

a. Basis for preparation of financial statements:

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, with effect from April 1, 2017. Previous periods have been restated to Ind AS. In accordance with Ind AS 101, First time adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2017 and April 1, 2016 and the comprehensive net income for the year ended March 31, 2017.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015, read with Section 133 of the Companies Act, 2013.

The financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

b. Uses of Estimates and Judgements:

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses for the years presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

c. Revenue Recognition:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

1. Sale of Products: Revenue is recognised at the time of transfer of property in goods, which results in or coincides with the transfer of significant risks and rewards to the customers and is generally at the point of dispatch of goods to the customers and no significant uncertainty exist regarding the amount of consideration towards such sale. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sale values of products and of services are recognized as per the customs and trade practices and are exclusive of taxes, trade and quantity discounts.

2. Sale of Services: Revenue from service contracts are recognized as per the contractual terms as and when the services are rendered and an unconditional right to receive such income is established. No further obligations remains and the collection is probable.

3. Interest Income: Interest Income is recognized on a time proportionate basis taking into account effective rate of interest.

4. Dividend Income: Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

5. Export Benefits: Export entitlements in the form of Merchandise Export from India (MEIS) and Duty Entitlement Pass Book / draw back (DEPB) are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

d. Income Taxes:

Provision for income tax is made on the basis of taxable income for the current accounting year in accordance with the Income Tax Act, 1961.

Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the balance sheet date.

Deferred tax assets are recognized to the extent there is certainty that these would be realized in future. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written off to reflect the amount that is reasonable/virtually certain (as the case may be) to be realized.

e. Property, Plant and Equipment:

Property, Plant & Equipment and intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage. Depreciable amount for assets is the cost of an asset, or



other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant & Equipment is charged based on straight line method based on management's estimated useful lives prescribed in Schedule II to the Companies Act, 2013.

Assets costing up to Rs. 5,000 are fully depreciated in the year of purchase.

An item of Property, Plant & Equipment and intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant & Equipment and intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

f. Provisions:

A provision is recognised 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 excluding retirement benefits are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

g. Leases:

Lease arrangements under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease rental under operating lease are recognised in the Statement of Profit and Loss on a straight line basis over the lease term.

h. Foreign Currency Transactions:

The functional currency of the company is Indian Rupees (INR). Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the dates of Balance Sheet. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognized in the profit or loss.

i. Financial Instruments:

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss.

j. Employee Benefits:

i. Gratuity: The Company accounts for its gratuity liability, a defined retirement benefit plan covering eligible employees. The gratuity plan provides for a lump sum payment to employees at retirement, death, incapacitation or termination of the employment based on the respective employee's salary and the tenure of the employment. Liabilities with regard to a Gratuity plan are determined based on the actuarial valuation carried out by an independent actuary as at the Balance Sheet date using the Projected Unit Credit method. Actuarial gains and losses are recognised in full in other comprehensive income and accumulated in equity in the period in which they occur. Past service cost is recognised in profit or loss in the period of a plan amendment.

ii. Provident fund: The eligible employees of the Company are entitled to receive the benefits of Provident fund, a defined contribution plan, in which both employees and the Company make monthly contributions at a specified percentage of the covered employees' salary which are charged to the Statement of Profit and Loss on accrual basis. The provident fund contributions are paid to the concerned authorities by the Company. The Company has no further obligations for future provident fund.

iii. Employees' State Insurance Scheme (ESI): Employees' state insurance scheme, which are defined contribution schemes, are charged to the Statement of Profit and Loss on accrual basis. The Company has no further obligations for future superannuation fund benefits other than its annual contributions.

iv. Compensated absences: The Company provides for the compensated absences on estimated basis.

k. Borrowing Costs: Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to the Statement of Profit and Loss.

l. Inventories: Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

· **Raw Materials:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of all raw materials except accessories are valued on First in First out (FIFO) basis. Accessories are valued on weighted average basis.

· **Finished Goods and Work-in-progress:** Cost includes cost of direct materials and labour and a proportion of manufacturing overheads.

m. Earnings per Share: Basic earnings / (loss) per share are calculated by dividing the net profit / (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings / (loss) per share, the net profit / (loss) 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.

24. OTHER NOTES TO THE FINANCIAL STATEMENTS

a. First-time adoption of Ind AS:

The Company has prepared its first Indian Accounting Standards (Ind AS) compliant Financial Statements for the periods commencing April 1, 2017 with restated comparative figures for the year ended March 31, 2017 in compliance with Ind AS. The company had prepared these financial statements in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013. Accordingly, the Balance Sheet, in line with Ind AS transitional provisions, has been prepared as at April 1, 2016, the date of company's transition to Ind AS. In accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, the Company has presented below a reconciliation of net profit as presented in accordance with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to total comprehensive income for the year ended March 31, 2017 and reconciliation of shareholders funds as per the previous GAAP to equity under Ind AS as at March 31, 2017 and April 1, 2016. There were no significant reconciliation items between cash flows prepared under Previous GAAP and those prepared under Ind AS.

b. Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted Indian Accounting Standards (Ind AS) notified by the Ministry of Corporate Affairs with effect from 1st April, 2017 with a transition date of 1st April, 2016. Consequently, in preparing these Ind AS financial statements, the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as explained below. The resulting difference in the carrying values of the assets and liabilities as at the transition date between the Ind AS and Previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity).

c. Exemptions and Exceptions Availed

1. Deemed Cost:

The Company has opted paragraph D7 AA and accordingly considered the carrying value of property, plant and equipments and intangible assets as deemed cost as at the transition date.

2. Fair value measurement of financial assets and financial liabilities at the initial recognition:

The fair value of the financial assets and the liabilities at the initial recognition is normally the transaction price i.e the fair value of the consideration given or received except for the following:

- (i) Defined benefit plan
- (ii) Security deposits under lease contracts for more than a year.
- (iii) Investment in equity shares / mutual funds

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP. Accordingly, profit / loss on remeasurements of post-employment benefit obligation has been reclassified to the Other Comprehensive Income for the period.

Under the previous GAAP, interest free lease security deposit assets (that are refundable in cash on completion of the contract term) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value at initial recognition and subsequently at amortised cost. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Prepaid rent is amortised over the tenure of the deposit, which is partially set off by the notional interest income recognised on such deposit.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

3. Applicable mandatory exceptions

Estimates: An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP.

4. Others:

On transition to Ind AS, as the Company has elected to continue with the carrying value of all property, plant and equipment recognised as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

d. Reconciliation between Previous GAAP and Ind AS

i. Reconciliation of Equity:

Amounts in Rs. in Lakhs

| Particulars | As at 31-03-2017 | As at 01-04-2016 |
|---|------------------|------------------|
| Balance as per previous GAAP | (77.24) | (443.44) |
| Adjustments | | |
| Remeasurement of defined employee benefit plans | -9.01 | |
| Remeasurement of security deposits | -0.01 | |
| Remeasurement of investments | 3.49 | 1.09 |
| Balance as per Ind AS | (82.78) | (442.35) |



ii. Reconciliation of total comprehensive income:

Amounts in Rs. in Lakhs

| Particulars | Year ended 31-03-2017 |
|--|-----------------------|
| Balance as per previous GAAP | (1.08) |
| Adjustments | |
| Remeasurement of defined employee benefit plans recognised in Other comprehensive income | (4.98) |
| Remeasurement of investments recognised in Other comprehensive income | 3.49 |
| Balance as per Ind AS | (0.40) |
| Remeasurement of defined employee benefit plans recognised in Other comprehensive income | |
| Total Comprehensive income as per Ind AS | (0.40) |

iii. Reconciliation of Cash Flows

Amounts in Rs. in Lakhs

Year ended 31-03-2017

| Particulars | As per Previous GAAP | Ind AS Adjustments | As per IND AS |
|--|----------------------|--------------------|---------------|
| Net Cash flow from | | | |
| Operating Activities | (294.61) | 78.14 | (216.46) |
| Investing Activities | 767.03 | Nil | 767.03 |
| Financing Activities | (188.14) | Nil | (188.14) |
| Net increase/(Decrease) in cash and cash equivalents | 284.27 | 78.14 | 362.42 |
| Opening Cash and Cash Equivalent | 527.57 | -223.29 | 304.27 |
| Closing Cash and Cash Equivalent | 811.85 | -145.14 | 666.70 |
| Net increase/(Decrease) in cash and cash equivalents | 284.27 | 78.14 | 362.42 |

e. Fair Value Measurement:

i. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

ii. The following methods and assumptions were used to estimate the fair values:

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-term nature. Where such items are non-current in nature, the same has been classified as Level 3.

The fair value of security deposits / investments in equity / mutual funds are calculated using effective interest rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs.

For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to their fair values.

iii. Analysis of fair value measurement

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

During the period under review, level 3 hierarchy is considered for determination of fair value for all the financial assets and liabilities which are measured at fair value.

iv. Financial instruments by category :

The carrying value and fair value of financial instruments by categories is as follows :

Amounts in Rs. in Lakhs

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at March 31, 2016 | |
|---------------------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| | Fair Value through P & L | Amortised Cost | Fair Value through P & L | Amortised Cost | Fair Value through P & L | Amortised Cost |
| Non Current Assets | | | | | | |
| Investments | 9.88 | | 11.78 | | 8.28 | |
| Other Financial Assets | 8.57 | 22.16 | 8.05 | 27.69 | 7.53 | 25.75 |
| Other Non Current assets | | 183.76 | | 202.21 | | 183.76 |
| Current Assets | | | | | | |
| Inventories | | 814.93 | | 997.28 | | 734.99 |

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | | As at March 31, 2016 | |
|-----------------------------|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| | Fair Value through P & L | Amortised Cost | Fair Value through P & L | Amortised Cost | Fair Value through P & L | Amortised Cost |
| Trade Receivables | | 124.90 | | 292.41 | | 307.25 |
| Cash and Cash Equivalents | | 582.47 | | 666.70 | | 304.27 |
| Other Balances with Banks | | 116.01 | | 145.14 | | 223.29 |
| Loans and Advances | | 240.32 | | 235.62 | | 108.81 |
| Other Financial Assets | | 9.20 | | 9.20 | | 9.20 |
| Tax Assets | | 53.44 | | 48.31 | | 41.23 |
| Other Current Assets | | 141.58 | | 23.89 | | 22.00 |
| Total | 18.45 | 2288.83 | 19.83 | 2648.49 | 15.82 | 1960.60 |
| Current Liabilities | | | | | | |
| Provisions | | 62.42 | | 45.65 | | - |
| Borrowings | | 1013.83 | | 982.71 | | 854.15 |
| Trade Payables | | 841.21 | | 821.42 | | 655.70 |
| Other Financial Liabilities | | 262.42 | | 268.18 | | 273.39 |
| Provisions | | 117.78 | | 107.54 | | 103.95 |
| Other Current Liabilities | | 89.71 | | 28.07 | | 64.87 |
| Total | - | 2324.97 | | 2207.94 | | 1941.97 |

f. Financial Risk Management:

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board of Directors.

The Company's principal financial liabilities consist of borrowings, trade payables, liabilities for expenses.

Risk Management Framework:

The Company is exposed to market risk, credit risk and liquidity risk. Risk management is carried out by the finance department under the policies approved by the Board of Directors. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

1. Market Risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including deposits, foreign currency receivables, and payables.

The Company manages market risks through finance department, which evaluates and exercises independent control over the entire process of market risk management. The finance department recommends risk management objectives and policies which are approved by Board of Directors. The activities of the department include management of cash resources, ensuring compliance with market risk limits and policies.

Sensitivity analysis: Every 1% appreciation or depreciation of the respective foreign currencies compared to functional currency of the Company would cause the profit before exceptional items in proportion to revenue to increase or decrease respectively by 0.42% (March 31, 2017: 0.28%).

2. Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate due to change in the market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's working capital borrowings with fixed interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant. The impact on entity's profit before tax due to change in the interest rate/ fair value of financial liabilities are as disclosed below:

| Particulars | Year ended March 31, 2018 | | Year ended March 31, 2017 | |
|---|---------------------------|--------------|---------------------------|--------------|
| | 1 % increase | 1 % decrease | 1 % increase | 1 % decrease |
| Effect of profit before exceptional items and tax expense | 7.37 | 7.37 | 7.04 | 7.04 |

**3. Foreign Currency Risk:**

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates. The company is exposed to the effect of foreign exchange rate fluctuations because of its foreign currency linked revenue, foreign currency denominated expenses. Due to this any volatility in foreign currency exchange rates will have an impact to the Company.

The position of foreign currency exposure to the Company as at the end of the year expressed in INR is as follows:

| Currency | 31 March 2018 | 31 March 2017 | 31 March 2016 |
|--------------------------|---------------|---------------|---------------|
| Trade Receivables | | | |
| USD | 84.67 | 236.32 | 149.33 |
| Euro | 24.41 | 12.20 | 108.46 |
| Trade Payables | | | |
| USD | Nil | Nil | Nil |
| Euro | Nil | Nil | Nil |

The following table demonstrates the sensitivity to a reasonably possible change in the foreign exchange rates on foreign currency denominated assets / liabilities. With all other variables held constant, the companies profit before tax is affected through the impact on foreign currency denominated liabilities as follows.

(Rs. in Lakhs)
Impact on Profit

| | 31 March 2017 | 31 March 2016 |
|---|---------------|---------------|
| Reported profit before tax and Other Comprehensive Income | (509.92) | 545.67 |
| IND/Foreign Currency increases by 5% | 2.45 | 12.98 |
| Adjusted Profit before tax and Other Comprehensive Income | (507.46) | 558.66 |
| Reported profit before tax and Other Comprehensive Income | (509.92) | 545.67 |
| IND/USD decreases by 5% | 2.45 | 12.98 |
| Adjusted Profit before tax and Other Comprehensive Income | (512.38) | 532.68 |

4. Credit Risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligation as agreed. Customer credit risk is managed by each business unit subject to Company's established policy, procedure and control relating to customer risk management. Further, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when there is no reasonable expectation of recovery, such debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables and advances based on historical trend, industry practices and the business environment in which the entity operates. Based on the historical data the provision for loss on receivables is made.

Ageing of Trade Receivables

(Rs. in Lakhs)

| Particulars | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|------------------|---------------|---------------|--------------|
| 0-3 Months | 93.29 | 285.84 | 290.77 |
| 3-6 Months | 10.11 | 3.12 | 2.25 |
| 6-12 Months | 17.78 | 3.42 | 0.15 |
| Beyond 12 Months | 3.70 | 0.01 | 14.06 |
| | 124.90 | 292.41 | 307.25 |

5. Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The Company closely monitors its liquidity position in consultation with the Board of Directors to ensure that the operations of the Company are not affected adversely due to liquidity and is attempting to enhance its sources of funding by increasing cash flow generated from its operations..

The break-up of cash and cash equivalents and deposits is as below:

| Particulars | 31 March 2018 | 31 March 2017 | 1 April 2016 |
|---|---------------|---------------|--------------|
| Cash on Hand | 3.57 | 8.11 | 16.39 |
| Balances with Banks | | | |
| i) In Current Account | 38.68 | 147.65 | 112.89 |
| ii) In Deposits With maturity of less than Three months | 540.21 | 510.94 | 174.98 |

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date. The amounts are based on contractual undiscounted payments.

| Particulars | On Demand | 0-180 Days | 180-365 days | Total |
|-----------------------------|----------------|---------------|--------------|----------------|
| March 31, 2018 | | | | |
| Borrowings – Current | 1013.83 | | - | 1013.83 |
| Trade Payables | 558.45 | 282.75 | - | 841.21 |
| Other Financial Liabilities | 262.42 | | - | 262.42 |
| Total | 1834.71 | 282.75 | 0 | 2117.47 |
| March 31, 2017 | | | | |
| Borrowings – Current | 982.71 | | | 982.71 |
| Trade Payables | 527.59 | 293.83 | | 821.42 |
| Other Financial Liabilities | 268.18 | | | 268.18 |
| Total | 1778.49 | 293.83 | | 2072.32 |
| March 31, 2016 | | | | |
| Borrowings – Current | 854.15 | | | 854.15 |
| Trade Payables | 422.41 | 233.28 | | 655.70 |
| Other Financial Liabilities | 273.39 | - | | 273.39 |
| Total | 1708.69 | 233.28 | | 1783.25 |

g. Capital Management:

Capital of the Company, for the purpose of capital management is the total equity, which includes issued equity capital and other equity. Other Equity consists of balance in retained earnings. The primary objective of the Company's capital management is to maximise shareholders value.

h. Contingent Liabilities and Commitments:

Capital commitments (net of advance) Rs. Nil (Rs. 20.68)

i. Dues to Micro Small and medium Enterprises

Based on the information available with the company, there are no suppliers who are registered as Micro, Small or Medium Enterprises under the "Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2018.

| Sl.No. | Particulars | As at 31-3-2018 | As at 31-3-2017 |
|--------|--|-----------------|-----------------|
| a. | The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year; | Nil | Nil |
| b. | 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 |
| c. | The amount of 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 |
| d. | The amount of interest accrued and remaining unpaid at the end of each accounting year; and | Nil | Nil |
| e. | 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 |

j. Related Party Transactions:

i. List of Related Parties and Relationships:

| Sl. No. | Name of the Related Party | Relationship |
|---------|---|------------------------------------|
| 1 | Mr. Vinod Bhat | Key Managerial Person. |
| 2. | Mr. M Sripad Rao | Key Managerial Person. |
| 3. | Mr. K Vishal Bhat | Key Managerial Person. |
| 4. | Mrs. Madhura N Bhat | Relative of Key Managerial Person. |
| 5. | Mr. E N Veeranna | Key Managerial Person. |
| 6. | Elite Leather International Private Limited | |
| 7. | MNS Exports Private Limited | |
| 8. | N. P. Properties Private Limited | |
| 9. | Thrive Leathers | |



ii. Transactions carried out with related parties referred in one above

Amounts in INR

| Sl. No. | Name of the Transaction | March 31, 2018 | March 31, 2017 |
|---------|--|------------------------------------|------------------------------------|
| 1. | Remuneration to Key Managerial Personnel Mr. Vinod Bhat Mr. Sripad Rao M Mr. E N Veeranna | Rs. 18.15 Rs. 9.00 Rs. 12.00 | Rs. 18.15 Rs. 9.00 Rs. 12.88 |

iii. Balances with related parties

| Sl. No. | Nature of the Transaction | March 31, 2018 | March 31, 2017 |
|---------|---|------------------------|------------------------|
| 1. | (Receivable) / Payable to Key Managerial Personnel / Relatives Mr. Sripad Rao M Mr. E N Veeranna Mrs. Madhura N Bhat | 0.49 (0.89) 3.59 | 0.45 (0.99) 5.09 |
| 2. | Elite Leather International Private Limited | 16.23 | 19.95 |
| 3. | MNS Exports Private Limited | 1.85 | 1.85 |
| 4. | NP Properties Private Limited | 18.00 | 18.00 |
| 5. | Thrive Leathers | (183.76) | (183.76) |

k. Provisions

The Company has made provision for leave salary on basis of 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.

Amounts in lakhs

| Nature of Obligation | The carrying amount at the beginning of the period | Additional provisions made during the beginning of the year | Amounts incurred and charged against the provision during the period | Unused amounts reversed during the period | The carrying amount at the end of the period |
|----------------------|--|---|--|---|--|
| Leave Salary | 37.11 | 16.0 | 15.72 | | 37.49 |
| Previous year | 38.19 | 15.67 | 16.75 | | 37.11 |

i. Retirement Benefit Plans

Defined benefit plans

The Company has made a provision for gratuity payable to qualifying employees'. Lump sum payment is made to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary, payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and the related 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, 2018:

Rs. In Lakhs

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| Asset and Liability (Balance Position) | | |
| Present Value of obligation | 162.91 | 165.26 |
| Fair Value of Plan Assets | 82.62 | 94.84 |
| Surplus / (Deficit) | (80.29) | (70.42) |
| Effects of asset ceiling | | |
| Net Asset / (Liability) | (80.29) | (70.42) |
| Expenses recognised during the year | | |
| In Income statement | 30.36 | 30.57 |
| In Other Comprehensive Income | (10.50) | 5.12 |
| Total Expenses recognised during the period | 19.86 | 35.69 |
| Changes in Present Value of Obligation | | |
| Present Value of Obligation at the beginning | 165.26 | 152.43 |
| Current Service Cost | 25.16 | 26.45 |
| Interest Expense or Cost | 12.22 | 11.27 |
| Re-measurement (or Actuarial) (gain) / loss arising from: | | |
| - change in demographic assumptions | | |
| - change in financial assumptions | (6.99) | |
| - experience variance (i.e. Actual experience vs assumptions) | (5.79) | 5.69 |
| Benefits Paid | (26.94) | (30.58) |
| Present Value of Obligation as at the end | 162.91 | 165.26 |

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------------|----------------------|
| Bifurcation of Net Liability | | |
| Current Liability / (Assets) | 17.87 | 24.77 |
| Non-Current Liability (Long term) | 145.04 | 140.49 |
| Net Liability | 162.91 | 165.26 |
| Changes in Fair Value of plan assets | | |
| Fair Value of Plan Assets as at the beginning | 94.84 | 96.78 |
| Investment Income | 7.01 | 7.15 |
| Employer's Contribution | 10.00 | 20.91 |
| Benefits paid | (26.94) | (30.58) |
| Return on plan assets , excluding amount recognised in net interest expense | (2.28) | 0.57 |
| Fair Value of Plan Assets as at the end | 82.62 | 94.84 |
| Change in the effect of asset ceiling | | |
| Effect of Asset Ceiling at the beginning | | |
| Interest Expense or Cost (to the extent not recognised in net interest expense) | | |
| Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling | | |
| Effect of Asset Ceiling at the end | | |
| Expenses recognised in the Income Statement | | |
| Current Service Cost | 25.16 | 26.45 |
| Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset) | 5.20 | 4.11 |
| Expenses Recognised in the Income Statement | 30.36 | 30.57 |
| Other Comprehensive Income | | |
| Actuarial (gains) / losses | | |
| - change in demographic assumptions | (6.99) | |
| - change in financial assumptions | (5.79) | 5.69 |
| - experience variance (i.e. Actual experience vs assumptions) | | |
| Return on plan assets, excluding amount recognised in net interest expense | 2.28 | (0.57) |
| Components of defined benefit costs recognised in other comprehensive income | (10.50) | 5.12 |
| Major categories of Plan Assets (as percentage of Total Plan Assets) | | |
| Funds managed by Insurer | 100% | 100% |
| Total | 100% | 100% |

a. Actuarial Valuation Method:

The valuation has been carried out using the Project Unit Credit Method as per Ind AS 19 to determine the Present Value of Defined Benefit Obligations and the related Current Service Cost and, where applicable, Past Service Cost. It should be noted that valuations do not affect the ultimate cost of the plan, only the timing of when the benefit costs are recognised.

b. Benefits Valued

The benefit valued in this Report are summarised below:

| | |
|--|---|
| Type of Plan | Defined Benefit |
| Employer's Contribution | 100% |
| Employee's Contribution | Nil |
| Salary for calculation of gratuity | Last drawn salary |
| Normal age of retirement | 60 years |
| Vesting period | 5 years |
| Benefit on normal retirement | Same as per the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time). |
| Benefit on early retirement / termination / resignation / withdrawal | Same as normal retirement benefit based on the service up to the date of exit. |
| Benefit on death in service | Same as normal retirement benefit and no vesting period condition applies. |
| Limit | Rs. 20,00,000/- |
| Gratuity Formula | 15/26 * Last drawn basic salary + DA (if any) * Number of completed year |



- * In case of employees with age above the retirement age indicated above, the retirement is assumed to happen immediately and valuation is done accordingly.

It should be noted that we have used and relied on the plan provisions supplied by the Company (as summarised above). The Company is solely responsible for the validity, accuracy and comprehensiveness of this information. If the provisions supplied are not accurate and complete, the valuation results may differ significantly from the results that would be obtained based on accurate and complete information.

- c. **Description of Regulatory Framework in which Plan operates** - The payment of gratuity is required by the Payment of Gratuity Act, 1972.

d. **Description of Risk Exposures**

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory framework which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity payouts. This may arise due to non-availability of enough cash / cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk: The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

- e. **Effect of any Amendments, Curtailments and Settlements** – Not applicable

ACTUARIAL ASSUMPTIONS

I. **Financial Assumptions:**

The principal financial assumptions used in the valuation are shown in the table below:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|--------------------------------|----------------------|----------------------|
| Discount rate (per annum) | 7.80% | 7.40% |
| Salary growth rate (per annum) | 7.00% | 7.00% |

The discount rate indicated above reflects the estimated timing and currency of benefit payments. It is based on the yields / rates available on applicable bonds as on the current valuation date.

The salary growth rate indicated above is the Company's best estimate of an increase in salary of the employees in future years, determined considering the general trend in inflation, seniority, promotions, past experience and other relevant factors such as demand and supply in employment market, etc.

II. **Demographic Assumptions:**

The principal demographic assumptions used in the valuation are shown in the table below:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| Mortality rate (% of IALM 06-08) | 100% | 100% |
| Normal retirement age | 60 Years | 58 Years |
| Attrition / Withdrawal rates, based on age: (per annum) | | |
| Up to 30 years | 3.00% | 3.00% |
| 31-44 years | 2.00% | 2.00% |
| Above 44 years | 1.00% | 1.00% |

Attrition rate indicated above represents the Company's best estimate of employee turnover in future (other than on account of retirement, death or disablement) determined considering various factors such as nature of business, retention policy, industry factors, past experience, etc.

III. **Effect of Plan on Entity's Future Cash Flows**

a. **Funding arrangements and Funding Policy:**

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b. **Expected Contribution during the next annual reporting period**

The Company's best estimate of Contribution during the next year - Nil

c. Maturity Profile of Defined Benefit Obligation:

| | |
|--|-----------------|
| Weighted average duration (based on discounted cashflows) | 11 Years |
| Expected cash flows over the next (valued on undiscounted basis): | Rs. |
| 1 Year | 17.87 |
| 2-5 Years | 39.87 |
| 6-10 Years | 74.85 |
| More than 10 Years | 346.54 |

IV. Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis are given below:

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|-----------------------------------|----------------------|----------------------|
| Defined Benefit Obligation (Base) | 162.91 | 165.26 |

| Particulars | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|-----------------|----------------------|-----------------|
| | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) (% change compared to base due to sensitivity) | 181.47 11.4% | 147.31 -9.6% | 183.35 10.9% | 150.05 -9.2% |
| Salary Growth Rate (- / + 1%) (% change compared to base due to sensitivity) | 147.07 -9.7% | 181.43 11.4% | 149.87 -9.3% | 183.24 10.9% |
| Attrition Rate (- / + 50% of attrition rates) (% change compared to base due to sensitivity) | 162.35 -0.3% | 163.38 0.3% | 165.32 0.0% | 165.17 -0.1% |
| Mortality Rate (- / + 10% of mortality rates) (% change compared to base due to sensitivity) | 162.87 0.0% | 162.95 0.0% | 165.25 0.0% | 165.28 0.0% |

m. Leases:

The Company has taken commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. The lease agreements provide an option to the Company to renew the lease period at the end of the period. There are no exceptional / restrictive covenants in the lease agreements.

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

| Particulars | As at March 31, 2018 | As at March 31, 2017 |
|---|----------------------|----------------------|
| Lease rentals recognized during the year | 58.99 | 56.94 |
| Lease obligations payable: | | |
| Within one year of the Balance Sheet date | 58.99 | 58.99 |
| Due in a period between one year and five years | Nil | Nil |
| Due after five years | Nil | Nil |

n. The Company has identified single reportable segment, i.e., leather garments. Accordingly, disclosures relating to the segmentation under Ind AS 108, "Operating Segment" is not required.

0. Delisting of Shares:

The Shares of the Company which was listed on the National Stock Exchange (NSE) with effect from February 05, 1995, was suspended with effect from August 29, 2001 due to non compliance of clauses in listing agreement and listing regulations. The shares of the Company has been delisted with effect from September 15, 2017. Consequently,

- i. The securities of these Companies would cease to be listed and not be available for trading on the platform of the exchange.
 - ii. Promoters of the delisted Companies will be required to purchase the shares from the public shareholders as per fair value determined by the independent valuer appointed by the Exchange.
 - iii. In terms of Regulation 24 of the Delisting Regulations, the delisted Company, its whole time directors, promoters and group companies shall be debarred from accessing the securities market for a period of 10 years from the date of compulsory delisting.
- p. During the year under review, the Company has deducted fraud in payment of salaries by an employee. As per the management estimate, the amount involved is approximately Rs. 70 Lakhs. Out of the same, Rs. 13 Lakhs has since recovered. Further recovery if any will be accounted on receipt basis. The management has lodged a police complaint in this regard and investigations are going on.
- q. **Current Tax and Deferred Tax:**
Income tax: In view of the losses, no provision for income tax has been made. As a conservative policy, the Company has not recognized deferred tax assets resulting on account of unabsorbed business losses and other benefits available under Income Tax.
- r. Figures of the previous year are re-grouped wherever necessary in conformity with the presentation of the Current Year. Figures in bracket relate to previous year.



NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31st MARCH 2018

2. Property, Plant and Equipment

Rs. in Lakhs

| Particulars | Land | Factory Building | Plant & Machinery | Office Equipment | Computers & Printers | Vehicles | Electrical Installations | Furniture & Fixtures | Total |
|--|------------|------------------|-------------------|------------------|----------------------|------------|--------------------------|----------------------|-------------|
| Carrying Amount (Gross Block) | | | | | | | | | |
| Balance as at 1st April 2016* | 488 | 204 | 715 | 14 | 20 | 115 | 15 | 6 | 1577 |
| Additions | - | - | 7 | 3 | 2 | - | - | 0 | 12 |
| Deductions/ Adjustment | 30 | - | 1 | - | - | 9 | - | - | 40 |
| Balance as at 31st March 2017 | 458 | 204 | 721 | 17 | 21 | 106 | 15 | 6 | 1549 |
| Accumulated Depreciation | | | | | | | | | |
| Balance as at 1st April 2016 | - | 73 | 474 | 8 | 19 | 69 | 14 | 4 | 662 |
| Additions | - | 7 | 43 | 2 | 1 | 11 | 1 | 1 | 65 |
| Deductions/ Adjustment | - | - | 1 | - | - | 6 | - | - | 6 |
| Balance as at 31st March 2017 | - | 80 | 516 | 11 | 20 | 75 | 15 | 5 | 721 |
| Net carrying amount as at 1st April 2016 | 488 | 131 | 241 | 6 | 1 | 46 | 1 | 2 | 916 |
| Net carrying amount as at 31st Mar 2017 | 458 | 124 | 205 | 6 | 1 | 31 | 1 | 1 | 828 |
| Gross Block | | | | | | | | | |
| Balance as at 31st March 2017 | 458 | 204 | 721 | 17 | 21 | 106 | 15 | 6 | 1549 |
| Additions | - | 2 | 40 | 1 | 0 | - | - | - | 43 |
| Deductions/ Adjustment | - | - | 6 | - | - | - | - | - | 6 |
| Balance as at 31st March 2018 | 458 | 206 | 756 | 18 | 21 | 106 | 15 | 6 | 1586 |
| Accumulated Depreciation | | | | | | | | | |
| Balance as at 31st March 2017 | - | 80 | 516 | 11 | 20 | 75 | 15 | 5 | 721 |
| Additions | - | 7 | 45 | 3 | 0 | 10 | 0 | 1 | 66 |
| Deductions/ Adjustment | - | - | 6 | - | - | - | - | - | 6 |
| Balance as at 31st March 2018 | - | 88 | 555 | 13 | 20 | 85 | 15 | 5 | 781 |
| Net carrying amount as at 31st Mar 2018 | 458 | 119 | 201 | 4 | 1 | 21 | 0 | 1 | 805 |
| Net carrying amount as at 31st Mar 2017 | 458 | 124 | 205 | 6 | 1 | 31 | 1 | 1 | 828 |
| Net carrying amount as at 1st April 2016 | 458 | 131 | 241 | 6 | 1 | 46 | 1 | 2 | 885 |

* On transition to Ind AS, the carrying values of all property, plant and equipments under the previous GAAP have been reconsidered to be the deemed cost under Ind AS.

SCHEDULE - 3

Intangible Amount Rs. in Lakhs

| Particulars | Software |
|--|----------|
| Carrying Amount (Gross Block) | |
| Balance as at 1st April 2016* | 9.27 |
| Additions | 0.75 |
| Deductions/ Adjustment | - |
| Balance as at 31st March 2017 | 10.02 |
| | - |
| Accumulated Depreciation | - |
| Balance as at 1st April 2016 | 8.18 |
| Additions | 0.01 |
| Deductions/ Adjustment | - |
| Balance as at 31st March 2017 | 8.19 |
| | - |
| Net carrying amount as at 1st April 2016 | 1.10 |
| Net carrying amount as at 31st March 2017 | 1.84 |
| | - |
| Gross Block | - |
| Balance as at 31st March 2017 | 10.02 |
| Additions | - |
| Deductions/ Adjustment | - |
| Balance as at 31st March 2018 | 10.02 |
| | - |
| Accumulated Depreciation | - |
| Balance as at 31st March 2017 | 8.19 |
| Additions | 0.15 |
| Deductions/ Adjustment | - |
| Balance as at 31st March 2018 | 8.34 |
| | - |
| Net carrying amount as at 31st March 2018 | 1.69 |
| Net carrying amount as at 31st March 2017 | 1.84 |
| Net carrying amount as at 1st April 2016 | 1.10 |



NOTES FORMING PART OF FINANCIAL AS AT 31st MARCH 2018

Amount Rs. in Lakhs

| Particulars | Note Number | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2016 |
|--|-------------|-------------------------|-------------------------|-------------------------|
| Financial assets | | | | |
| Investment | 4 | | | |
| Quoted Equity Shares | | | | |
| 32091 (32091) Equity Shares of Encore Software Limited | - | - | - | - |
| 2200 (2200) Equity Shares of Industrial Development Bank of India | | 1.59 | 1.65 | 1.53 |
| Total | | 1.59 | 1.65 | 1.53 |
| Unquoted Equity Shares | | | | |
| 100 Shares of Ranipet Leather Finishing Servicing Industrial Co-operative Society Ltd | | 0.10 | 0.10 | 0.10 |
| 2625 shares of Talco Vaitec Limited | | 2.63 | 2.63 | 2.63 |
| Total | | 2.73 | 2.73 | 2.73 |
| Investment in Government or trust securities Unquoted Government Securities (pledged with sales tax authorities) | | 0.16 | 0.16 | 0.16 |
| Total | | 0.16 | 0.16 | 0.16 |
| Quoted Mutual Funds | | | | |
| 10,000 (10,000) Units of SBI Magnum Comma Fund Dividend Mutual Fund | | 2.23 | 2.39 | 1.59 |
| 9121(9121) Units of Punjab National Bank Gilts | | 3.18 | 4.86 | 2.28 |
| Total | | 5.40 | 7.24 | 3.87 |
| Total | | 9.88 | 11.78 | 8.29 |
| Other Financial assets | | | | |
| Loans and Advances | 5 | | | |
| Security Deposits considered good | | 30.74 | 35.76 | 33.29 |
| Total | | 30.74 | 35.76 | 33.29 |
| Other Non Current Assets | 6 | | | |
| Capital Advance -To others | | - | 18.44 | - |
| Capital Advance -To related parties | | 183.77 | 183.77 | 183.77 |
| Total | | 183.77 | 202.21 | 183.77 |
| Inventories | 7 | | | |
| Raw Materials | | 636.51 | 787.89 | 564.17 |
| Work in Progress | | 6.78 | 23.07 | 59.15 |
| Finished goods | | 171.65 | 186.33 | 111.68 |
| Total | | 814.94 | 997.28 | 735.00 |
| Trade Receivables (Unsecured) | 8 | | | |
| Considered Good | | 124.91 | 292.41 | 307.25 |
| Unsecured Considered Doubtful | | 13.72 | 17.16 | - |
| | | 138.63 | 309.57 | 307.25 |
| Less: Allowance for doubtful debts | | 13.72 | 17.16 | - |
| Total | | 124.91 | 292.41 | 307.25 |
| Cash and Cash Equivalents | 9 | | | |
| A) Balances with Banks | | | | |
| With scheduled bank | | | | |
| i) In Current Account | | 38.69 | 147.65 | 112.90 |
| ii) In Deposits With maturity of less than Three months | | 540.21 | 510.94 | 174.98 |
| Cash in Hand | | | | |
| i) In Indian Ruppe | | 3.58 | 8.11 | 16.40 |
| Total | | 582.47 | 666.71 | 304.28 |

| Particulars | Note Number | As at March 31, 2018 | As at March 31, 2017 | As at March 31, 2016 |
|---|-------------|----------------------|----------------------|----------------------|
| Bank Balances (other than Note 9 above) | 10 | | | |
| With scheduled bank | | | | |
| ii) In Deposits with maturity of more than three months | | 116.02 | 145.15 | 223.30 |
| Total | | 116.02 | 145.15 | 223.30 |
| Loans and Advances | 11 | | | |
| Due from Directors | | 0.89 | 1.00 | 1.12 |
| Export Incentives Receivable | | 109.52 | 145.15 | 58.28 |
| Interest accrued on deposits | | 129.92 | 89.47 | 49.40 |
| Total | | 240.33 | 235.62 | 108.81 |
| Other Financial Assets | | | | |
| Security Deposits | | 9.21 | 9.21 | 9.21 |
| | | 9.21 | 9.21 | 9.21 |
| Other Current Assets | 12 | | | |
| Advance to Suppliers | | 5.30 | 14.47 | 10.85 |
| Advance to Employees | | 2.08 | 1.93 | 2.73 |
| Advance for expenses | | 0.21 | 0.06 | - |
| Advance Rentals | | - | 0.52 | 1.04 |
| Prepaid Expenses | | 6.59 | 6.29 | 6.56 |
| Balance with statutory/ Government authorities | | 127.41 | 0.64 | 0.82 |
| Total | | 141.58 | 23.90 | 22.00 |

Amount Rs. in Lakhs

| Particulars | Note No. | As at March 31, 2018 | | As at March 31, 2017 | | As at March 31, 2016 | |
|---|----------|----------------------|----------------|----------------------|----------------|----------------------|----------------|
| | | Number | Amount | Number | Amount | Number | Amount |
| Equity Share Capital | 13 | | | | | | |
| a. Authorised Equity Share Capital (Par Value per Share Rs. 1) | | 2500.00 | 2500.00 | 2500.00 | 2500.00 | 2500.00 | 2500.00 |
| b. Issued Subscribed and fully paid up Equity Share Capital (Par Value per Share Rs. 1) | | 1372.91 | 1372.91 | 1372.91 | 1372.91 | 1393.42 | 1393.42 |
| Total | | 1372.91 | 1372.91 | 1372.91 | 1372.91 | 1393.42 | 1393.42 |
| d. Reconciliation of No. of equity share capital outstanding | | As at March 31, 2018 | | As at March 31, 2017 | | As at March 31, 2016 | |
| | | Number | Amount | Number | Amount | Number | Amount |
| Opening number of share outstanding | | 1372.91 | 1372.91 | 1393.42 | 1393.42 | 1393.42 | 1393.42 |
| Add: No of Shares/ Share Capital issued/ subscribed during the year | | - | - | (20.51) | (20.51) | - | - |
| Closing Number of shares outstanding | | 1372.91 | 1372.91 | 1372.91 | 1372.91 | 1393.42 | 1393.42 |

e. Terms / Rights attached to equity shares

The Company has only one class of equity shares having par value of 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. 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.



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

| Name of the Shareholders | Amount Rs. in Lakhs | | | | | |
|--------------------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | As at March 31, 2018 | | As at March 31, 2017 | | As at March 31, 2016 | |
| | No. of Shares | % of holding | No. of Shares | % of holding | No. of Shares | % of holding |
| Mrs. Madhura Bhat | 377 | 27 | 377 | 27 | 377 | 27 |
| M. Srinivasa Murthy | 214 | 16 | 214 | 16 | 214 | 15 |
| M Sripad Rao | 201 | 15 | 201 | 15 | 201 | 14 |
| Mrs. Vanajakshi | 101 | 7 | 101 | 7 | 101 | 7 |
| M Prabhakar | 120 | 9 | 120 | 9 | 120 | 9 |

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

- h. 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 31.03.2014
- i. The company had issued shares to Industrial Development Bank of India (IDBI) under a scheme approved by Board of Industrial and Financial Reconstruction (BIFR). The shares were to be bought back within 12 months of issue as per BIFR order. There was a contract to buyback the shares. When the company decided to sell an asset to bring to meet the working shortages, the IDBI who had a charge on the property refused to remove the charges unless the shares were bought back. Since buyback was an obligation, the company bought back the shares on 19.09.2016 even when networth was negative deviating from Sec 68 of Companies Act 2013.
- j. The erstwhile Board of Industrial and Financial Reconstruction (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.

| Particulars | Note Number | As at | As at | As at |
|---|-------------|-----------------|-----------------|-----------------|
| | | March 31, 2018 | March 31, 2017 | March 31, 2016 |
| Other Equity | 14 | | | |
| i. Capital Redemption Reserve | | | | |
| Balance as per last financial Statement | | 20.51 | - | - |
| Add:- Transferred from Statement of Profit & Loss Account | | - | 20.51 | - |
| Balance as on balance sheet date | | 20.51 | 20.51 | - |
| ii. Retained Earnings/Surplus | | | | |
| Balance as per last financial Statement | | (102.89) | (443.45) | 401.89 |
| Add:- Profit / (Loss) for the year | | (509.92) | 545.67 | (845.34) |
| Less: Transfer to Capital Redemption Reserve | | - | (20.51) | - |
| Less: Premium on buy back of shares | | - | (184.61) | - |
| Balance as on balance sheet date | | (612.82) | (102.89) | (443.45) |
| iv. Other Comprehensive Income | | | | |
| Balance as per last financial Statement | | (0.40) | 1.09 | |
| Remeasurement of Defined Benefit Plans | | 10.50 | (4.99) | - |
| Increase in fair value of investments | | (1.90) | 3.50 | 1.09 |
| Balance as on balance sheet date | | 8.20 | (0.40) | 1.09 |
| Total | | (584.11) | (82.78) | (442.36) |
| Employee Benefit Obligation(Non Current) | 15 | | | |
| Provision for - Gratuity | | 62.42 | 45.65 | - |
| Total | | 62.42 | 45.65 | - |
| Borrowings (Current) | 16 | | | |
| Working Capital from Bank (Secured) | | 1013.84 | 982.72 | 854.15 |
| Total | | 1013.834 | 982.72 | 854.15 |

Short term borrowings are secured by hypothecation of inventories and receivables, personal guarantee of three Directors and Equitable mortgage of two immovable properties.

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 Board of Industrial and Financial Reconstruction (BIFR). Company is in the process of filing satisfaction of charges with Registrar of Companies in respect of these charges.

Amounts Rs. In Lakhs

| Particulars | Note Number | As at | As at | As at |
|--|-------------|----------------|----------------|----------------|
| | | March 31, 2018 | March 31, 2017 | March 31, 2016 |
| Trade Payables | 17 | | | |
| Total outstanding dues of micro enterprise and small enterprise | | - | - | - |
| Total outstanding dues of creditors other than micro enterprise and small enterprise | | 841.21 | 821.43 | 655.70 |
| Total | | 841.21 | 821.43 | 655.70 |
| Other Financial Liabilities | 18 | | | |
| Current maturities of long-term debt | | - | - | 1.56 |
| Liabilities for expenses | | 225.85 | 227.92 | 224.19 |
| Due to directors | | 0.50 | 0.46 | 0.46 |
| Other Liabilities | | 36.08 | 39.81 | 47.19 |
| Total | | 262.43 | 268.18 | 273.40 |
| Provisions | 19 | | | |
| Current | | | | |
| Provision for employee benefits | | | | |
| - Gratuity | | 17.87 | 24.77 | 55.65 |
| - Leave Benefits | | 37.50 | 37.12 | 38.20 |
| Total | | 55.37 | 61.89 | 93.84 |
| Other Current Liabilities | 20 | | | |
| Advances from Customers | | 79.90 | 16.85 | 29.23 |
| Advance against sale of property | | - | - | 25.00 |
| Statutory Liabilities | | 9.81 | 11.22 | 10.64 |
| Total | | 89.72 | 28.07 | 64.87 |

NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31st March 2018

Amounts Rs. In Lakhs

| Particulars | Note Number | As at | As at |
|---|-------------|----------------|----------------|
| | | March 31, 2018 | March 31, 2017 |
| Revenue from Operations | 21 | | |
| Sale of Products | | 2837.56 | 2869.96 |
| Sale of Services | | 14.83 | 136.66 |
| Other Operating Revenue | | | |
| - Export Incentives Received | | 113.20 | 225.19 |
| - Sale of Licenses | | 81.57 | 36.61 |
| Revenue from operations (Gross) | | 3047.16 | 3268.41 |
| Other income | 22 | | |
| Interest Income from Bank Deposits | | 47.29 | 39.65 |
| Interest Income from Others | | 1.26 | 0.86 |
| Dividend Income from Long Term Investments | | 1.27 | - |
| Net gain / (loss) on foreign currency transaction and translation | | 1.46 | 8.38 |
| Net gain on sale of fixed assets / investments | | 0.85 | - |
| Insurance Claim Received | | 0.11 | 233.33 |
| Excess Provision / (Unclaimed Credit) Withdrawn | | 54.10 | 3.82 |
| Others | | 0.19 | - |
| Total | | 106.53 | 286.04 |
| Cost of materials consumed | 23 | | |
| Cost of raw materials consumed | | 1775.89 | 1790.70 |
| Total | | 1775.89 | 1790.70 |
| Changes (Increase) / Decrease in inventories of finished goods, work-in-progress | 24 | | |
| Inventories at the end of the year | | | |
| Work in Progress | | 6.78 | 23.07 |
| Finished Goods | | 171.65 | 186.33 |
| Total | | 178.43 | 209.39 |

| Particulars | Note Number | As at March 31, 2018 | As at March 31, 2017 |
|--|----------------|-------------------------|-------------------------|
| Inventories at the beginning of the year | | | |
| Work in Progress | | 23.07 | 59.15 |
| Finished Goods | | 186.33 | 111.68 |
| Total | | 209.39 | 170.83 |
| Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade | | 30.96 | (38.57) |
| Employee Benefit Expenses | 25 | | |
| Salaries and Wages | | 973.50 | 990.21 |
| Contribution to provident & Other Funds | | 161.01 | 164.92 |
| Staff Welfare expenses | | 29.75 | 27.33 |
| | | 1164.26 | 1182.45 |
| Financial Costs | 26 | | |
| Interest Expense | | 94.08 | 85.49 |
| Other Borrowing Costs (Bank Charges) | | 9.49 | 24.53 |
| | | 103.57 | 110.02 |
| Depreciation and amortisation expenses | 27 | | |
| Depreciation of tangible assets | | 66.28 | 65.20 |
| Amortisation of intangible assets | | 0.15 | 0.01 |
| | | 66.43 | 65.21 |
| Other Expenses | 28 | | |
| Power and Fuel | | 83.72 | 103.54 |
| Rent | | 61.17 | 61.34 |
| Repairs to Buildings | | 0.20 | 2.04 |
| Repairs to Machinery | | 33.85 | 66.63 |
| Repairs to Others | | 22.93 | 25.52 |
| Insurance | | 13.26 | 16.51 |
| Rates & Taxes, excluding taxes on income | | 9.51 | 13.00 |
| Remuneration to Auditors * | | 2.00 | 3.26 |
| Professional & Consultancy Charges | | 13.51 | 20.08 |
| Freight & Forwarding | | 75.58 | 53.92 |
| Jobwork Charges | | 68.22 | 75.33 |
| Travelling and Conveyance | | 39.51 | 33.08 |
| Communication expenses | | 16.56 | 8.65 |
| Directors Sitting Fees | | 0.30 | 0.60 |
| Business Promotion | | 11.34 | 13.72 |
| Watch & Ward | | 19.52 | 21.87 |
| Miscellaneous | | 16.66 | 27.51 |
| Donation | | 1.40 | 0.50 |
| Sales Commission | | 23.66 | 16.39 |
| Printing & Stationery | | 8.72 | 11.44 |
| Bad Advances / Receivables Written off | | 0.91 | 31.06 |
| Provision for Doubtful Debts | | - | 17.16 |
| | | 522.50 | 623.14 |
| Exceptional Items | 29 | | |
| Profit on sale of asset | | - | 724.17 |
| | | - | 724.17 |
| *Remuneration to Auditor | | | |
| Audit fees | | 2.00 | 2.00 |
| Tax Audit fees | | - | 0.30 |
| Certification | | - | 0.20 |
| Service Tax | | - | 0.38 |
| Reimbursement of expenses | | - | 0.28 |
| | | 2.00 | 3.16 |

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 THIRTIETH ANNUAL GENERAL MEETING of the Company to be held on

Saturday, the 29th September, 2018 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 _____ 2018.

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 THIRTIETH ANNUAL GENERAL MEETING of the Company on

Saturday, the 29th September, 2018 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, Chamaraipet
Bangalore-560 018.