

NAMASTE EXPORTS LIMITED



***TWENTY SIXTH ANNUAL REPORT
2013-2014***



BOARD OF DIRECTORS	Mr. K. Vinod Bhat	Managing Director
	Mr. K. Vishal Bhat	Director
	Mr. M. Sripad Rao	Whole-time Director
	Mr. E.N. Veeranna	Whole-time Director
	Mr. A. Gopala Iyengar	Independent Director
	Mrs. Geetha Santhanagopalan	Independent Director

BANKERS & FINANCIAL INSTITUTIONS	State Bank of India Overseas Branch Bangalore
	The Federal Bank Ltd., St. Marks Road, Bangalore
	Industrial Development Bank of India Bangalore

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

Notice is hereby given that the Twenty Sixth 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 **Tuesday, the 30th September, 2014 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, 2014 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. Sripada Rao (DIN : 00920044) who retires by rotation, being eligible offer himself for re-appointment.
3. To appoint auditors and authorise the Board to fix their remuneration :
To appoint Statutory Auditors and in this connection, to pass with or without modification the following resolutions as an Ordinary Resolution :
"Resolved that M/s. Ishwar & Gopal, Chartered Accountants (Registration No. 021748) be and are hereby appointed as Auditors of the company to hold office from the conclusion of the 26th Annual General Meeting until the conclusion of the 27th Annual General Meeting on a remuneration of such sum as may be fixed by the Board of Directors".
"Resolved further that the Board of Directors of the company be and are hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to the resolution".

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification the following as an ordinary resolution:
Resolved that pursuant to section 197 and schedule V and other applicable provisions, if any, of the Companies Act 2013 and approval of Central Government and other appropriate authorities, if necessary, increase the remuneration payable to Mr. M. Sripad Rao (DIN: 00920044) , Whole-Time-Director be and is here by increased from Rs. 25,000 p.m. to Rs. 75,000 p.m. and the perquisites and allowances remaining same and that the increased remuneration is payable effective from 1st April, 2014.
5. To re-appoint Shri M. Sripad Rao (DIN: 00920044) 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), approval of the Company be and is hereby accorded to the re-appointment of M. Sripad Rao (DIN: 00920044) as a Whole-time Director for a period of 3 years with effect 26/08/2014 to 25/08/2017 on the terms and conditions including remuneration as set out in the explanatory Statement .
RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."
6. "RESOLVED THAT pursuant to Sections 198, 269, 310 and Schedule XIII and other applicable provisions, if any, of the

Companies Act, 1956 and approval of Central Government and other appropriate authorities, if necessary, increase the remuneration payable to Mr. E.N.Veeranna (DIN: 00920219), Whole Time Director be and is here by increased from Rs.60,000 p.m. to Rs.85,000 p.m. and the Perquisites and allowances remaining same, effective from 1st April, 2013".
Further Resolved that pursuant to section 197 and schedule V and other applicable provisions, if any, of the Companies Act 2013 and approval of Central Government and other appropriate authorities, if necessary, increase the remuneration payable to Mr. E.N. Veeranna (DIN: 00920219), Whole-Time-Director be and is here by increased from Rs. 85,000 p.m. to Rs. 1,00,000 p.m. and the perquisites and allowances remaining same w.e.f. 1st April 2014.

7. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

For NAMASTE EXPORTS LTD.

Sd /-

(K. VINOD BHAT)

MANAGING DIRECTOR

(DIN : 02359812)

Bangalore-560 018.
1st September 2014

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF/ HERSELF TO ATTEND THE ANNUAL GENERAL MEETING AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY BY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed on 30th September, 2014.
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 /-

(K. VINOD BHAT)

MANAGING DIRECTOR

(DIN : 02359812)

Bangalore-560 018
1st September 2014

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.****ITEM : 4 & 5**

The Increase in remuneration to Mr. M. Sripad Rao, Whole-Time-Director of the company has been approved at the board meeting held on 30th May, 2014 and the remuneration committee meeting held on 10th June, 2014, from Rs.25,000/- to Rs.75,000 p.m. subject to approval by the share holders at the AGM. The prerequisites and other allowances remains unaltered. The resolution under item 4 is placed for approval of the members.

The Board of directors at its meeting held on 30/05/2014 approved the re-appointment of Mr. M. Sripad Rao, Director of the Company as Whole-Time-Director of the company for a period of 3 years from 26/08/2014 to 25/08/2017 and that the remuneration committee approved the re-appointment of Mr. M. Sripad Rao at its meeting held on 10/06/14. Considering his vast expertise in the field of leather industry and long association with the Company, resolved to appoint Mr. M. Sripad Rao as Whole -Time-Director for a period of 3 years subject to the approval of the Central Government, if required, on the following terms and conditions.

1. The appointment is for a period of 3 years from 26/08/2014 to 25/08/2017.
2. 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.
3. He shall be accountable to the Chairman in discharging his duties and the Chairman shall be his disciplinary authority.
4. 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.
5. He shall be entitled to the following remuneration and benefits.
 - (i) Salary : Rs. 75,000/- (Rupees Seventy Five Thousand 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 and gratuity; 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.
6. He shall be entitled for the re-imbursment 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 or the Board from time to time.
7. 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.
8. He shall not engage himself either directly or indirectly in any other business.
9. 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 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.
10. The Company shall be entitled to terminate this agreement in the event of he being guilty of misconduct or such inattention to or negligence in the discharge of his duties.
11. 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.
12. The Whole-time Director will perform their 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 Whole-time Director will be under the overall authority of the Managing Director.

13. 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.
14. The Whole-time Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.
15. 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 M. Sripad Rao 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 are not disqualified from being appointed as Directors in terms of Section 164 of the Act.

INFORMATION ABOUT THE APPOINTEE

Mr. M. Sripad Rao (63) years is a Whole-Time-Director of the Company since 1972. After graduation from Bangalore Univesity he started his career in leather processing industry and has more than 30 years of expertise. As a Whole-Time-Director Mr. Sripad Rao is presently head of Garment Stitching unit which is the core area of cometenec of the company and continuance of his service will go a long way in strengthening the marketing base of the company.

Mr. Sripad Rao's present remuneration is salary and allowances : Rs. 25,000/- per month.

ITEM 6 :

- (i) Increase in remuneration to Mr. E.N. Veeranna, Whole-Time-Director of the company has been approved at the board meeting held on 29th October, 2013 and the remuneration committee meeting held on 8th November, 2013, from Rs.60,000/-to Rs.85,000 p.m. w.e.f. 1st April, 2013; and
- (ii) At the board meeting held on 30th May, 2014 and the remuneration committee meeting held on 10th June, 2014, remuneration of Mr. E.N. Veeranna, Whole-Time-Director has been increased from Rs.85,000 to Rs.1,00,000 p.m. w.e.f. 1st April, 2014.
- (iii) Increase in remuneration upto 20% every year.
- (iv) The Whole-time Director will perform their 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 Whole-time Director will be under the overall authority of the Managing Director.
- (v) 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.
- (vi) The the Whole-time Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

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

Item 7 :

There is a need to align the articles with new Companies Act, 2013. The new set of Articles of Association of the Company will be effective from the date of this Annual General Meeting. Pursuant to the provisions of Section 14 of the Companies Act, 2013, amendment of Articles of Association requires approval of the Shareholders by way of Special Resolution. Accordingly, this matter has been placed before the Shareholders for approval. The Board therefore, submits the resolution for your consideration and recommends it to be passed as a Special Resolution. A copy of the existing as well as new Articles of Association of the Company is available for inspection at the Registered Office of the Company during working hours on any working day. None of the Directors/ Key Managerial Personal is in any way interested or concerned in the resolution.

By order of the Board of Directors

Sd /-

Bangalore-560 018
1st September 2014

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

**DIRECTORS REPORT**

To The Members

Directors present the Twenty Sixth Annual Report of the Company along with the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2014.

FINANCIAL RESULTS

(Rs. in Thousands)

	2013-2014	2012-2013
Sales & Other Income	464806	69996
Profit(Loss) Before Interest Depreciation	-	&
Non Operative (Loss) / Profit	59233	25709
Less / (Add)		
Interest	8406	11
Depreciation	5725	437
Non-Operative loss	-	-
Profit (Loss) before Tax	45102	25261
Profit (Loss) after Tax	45102	25261
Add/(Less):		
Prior year Adjustments	-	-
Loss brought forward	(672688)	(697949)
Add: Additions on Amalgamations	677575	-
Less reduction in equity share capital	-	-
Profit carried to Balance Sheet	49989	(697949)

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.

MERGER

The Board for Industrial Financial Reconstruction (BIFR) in their order dated 20th Dec. 2013 approved the merger proposal of M/s. Success Apparels Pvt. Ltd., (SAPL) with your company. Accordingly, your company filed necessary returns with the Ministry of Corporate Affairs on 20-01-2014 and the same has been approved. Your company initiated action for implementation of the Modified Draft Rehabilitation Scheme (MDRS). Your company, on merger started production on its own.

AUDITORS

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

CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- 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 as at March 31, 2014 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

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

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

B. TECHNOLOGY ABSORPTION :

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

**C. FOREIGN EXCHANGE EARNINGS & OUTGO**

	Amount in INR
Foreign Exchange Earnings during the year :	400,605,465
Foreign Exchange Outgo during the year :	65,420,986

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

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

PERSONNEL

Employee relations at all levels continued to remain cordial.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Bangalore-560 018
30/5/2014

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

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

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

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

During the financial year 2013-14 6 meetings of the Board of Directors were held during May, July, August, October 2013 respectively and January 2014. 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	4	No
Mr. K. Vishal Bhat <i>Director</i>	6	5	No
Mr. M. Sripad Rao <i>Whole Time Director</i>	6	6	Yes
Mr. E.N. Veeranna <i>Whole Time Director</i>	6	5	Yes
Mr. A. Gopala Iyengar <i>Independent Director</i>	6	5	No
Mrs. Geetha Santhanagopalan <i>Independent Director</i>	6	5	No

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

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

The Audit Committee comprises of :

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

The remuneration Committee comprises of :

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

The Grievance Committee comprises of :

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

4. GENERAL SHAREHOLDER INFORMATION :

- (a) Twenty Sixth Annual General Meeting :
Day / Date, Tuesday, the 30th September 2014
Time : 10-30 a.m.
Venue : G.T.R. Prince Palace
Lakshman Garden,
80 Ft. Road, B.S.K. 2nd Stage, Bangalore - 560 070.
- (b) Details of Annual General Meetings held during past three years :
Previous three Annual General Meetings for the years ending (a) 31st March 2011 (b) 31st March 2012 and (c) 31st March 2013 held at GTR Prince Palace, Lakshma Garden, 80 Ft. Road, B.S.K. 2nd Stage, Bangalore - 560 070 on 30-09-11, 29-09-12 and 30-09-2013 respectively and no special resolution was passed by exercising postal ballot.
- (c) Date of Book Closure : 30th September 2014.

Financial year : The financial year covers the period from 1st April 2013 to 31st March 2014.
- (d) Listing on Stock Exchanges :
The equity shares of the company is listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Listing fees have been paid to the Stock Exchanges for the period upto 31st March 2014. Revocation of suspension of trading is in progress.

Namaste Exports Ltd., - Stock Exchange Code : 526059

Demat ISIN in NSDL and CSDL for Equity Shares - ISIN INE583A01017.

(e) Distribution of sharholding as on 31st March 2014.

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

(f) Shareholding Pattern as on 31st March 2014

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

(g) Dematerialisation of Shares as on 31.03.2014

As on 31st March 2014, 1.09 % of the total equity capital of the company has been dematerialised. Investors holding physical share certificates are advised to convert their holding to Demat Form in view of the various advantages associated with Demat Holding.

(h) Company's address for correspondence :-

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

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



- (j) Shareholders email-id for communication :- On a move to create transparency in dealing with Shareholders grievance and for communication, your company has created an email-id : **shares.nel@gmail.com** Shareholders are requested to note the email-id.
- (k) Shareholders Email ID : Shareholders are requested to provide their email-id to our email-id **shares.nel@gmail.com** which will enable us to provide corporate information in line with the guidelines issued by SEBI on corporate governance.
- (l) Your company has made application to BSE for revocation of suspension of Trading and for Listing additional shares issued as per BIFR directives. Your company expects early clearance from BSE.
- (m) Shareholders may correspond with the Company at its Registered Office.
- (n) Status of Investors - Complaints received during the period 1st April 2013 to 31st March 2014 - There are no pending complaints as on 31st March 2014.

DISCLOSURES:

- a) There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, or relatives etc that may have potential conflict with the interests of the

Company at large. Transactions with related parties are disclosed in Notes to Accounts in Schedule 16 to the financial statements in the Annual Report.

- b) The guidelines/accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) have been followed in preparation of the financial statements of the Company.
- c) Presently, the Company does not have a Whistle Blower Policy, No personnel of the Company have been denied access to the Audit Committee.

Declaration on Code of Conduct

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

To the members of Namaste Exports Limited.

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

For Namaste Exports Limited

Bangalore-560 018
30/05/2014

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

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To The Members of Namaste Exports Limited

We have reviewed the implementation of Corporate Governance procedures by Namaste Exports Limited during the year ended March 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

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

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

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

For **ISHWAR & GOPAL**
Chartered Accountants

K.V. GOPALAKRISHNAYYA
Partner
Membership No. 021748

Bangalore
30/05/2014

Addendum to Director's Report

The Statutory Auditor's of the Company M/s. Iswhar & Gopal, Chartered Accountants, Bangalore have given their Audit Report for the year ended 31st March, 2014 with certain emphasis of matter, on which the Directors of the Company clarify as follows.

Observations made in the Report :**Point – 8(a) Under Independent Auditor's Report :**

Regarding free unsecured loan, company is confident of recovering the loan.

Point – 8(b) Under Independent Auditor's Report :

The company has filed necessary returns with Ministry of Corporate Affairs (MCA) on 20.1.2014 regarding merger of M/s. Success Apparels Pvt. Ltd. (SAPL) with M/s. Namaste Exports Ltd. (NEL) and the same has been approved. In respect of allotment of shares to SAPL in NEL upon merger, the company is in the process of filing and completing all formalities relating to amalgamation and restructuring of capital.

For and on behalf of the Board of Directors

Bangalore-560 018
30/05/2014

Sd /-
K. VINOD BHAT
Managing Director
(DIN : 02359812)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS****Report on the Financial Statements**

1 We have audited the accompanying financial statements of Namaste Exports Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15 / 2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

6 Attention is invited to Note No 2.1 (f) of notes forming part of the accounts regarding treatment given to various reserves given in the scheme of amalgamation passed by the Honourable Board for Industrial and Financial Reconstruction (BIFR) which is at variance from AS-14 on Accounting for Amalgamation.

Qualified Opinion

7 In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in basis for qualified opinion, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

8 Without qualifying our report, we draw attention to:

a. 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 advance amounting to Rs. 1,83,76,956/- given to a party covered in the register maintained u/s 301 of the Companies Act, 1956, appearing in the books of the transferor entity have been included and grouped in the books of the Company. The advances have not been recovered / adjusted for more than 3 years (Refer Note No 2.1 (a) (i) of Notes to Accounts).
b. Pending filing of documents with Registrar of Companies, Karnataka, Bangalore, for increase in authorised capital, paid up capital, reduction in the face value of paid up capital and filing of other documents relating to amalgamation and restructuring. (refer note 2.1 (g) of Notes to Accounts)

Report on Other Legal and Regulatory Requirements

9 As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

10. As required by section 227(3) of the Act, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
d. in our opinion, except for the matters described in basis for qualified opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Ishwar & Gopal,

Chartered Accountants,

Firm's Registration Number : 001154S

Signature

(K V Gopalakrishnappa)

(Partner)

Membership Number : 021748

Place of Signature: Bangalore

Date: 30.05.2014



**ANNEXURE TO THE AUDITOR'S REPORT
(AS REFERRED TO IN CLAUSE 1 OF OUR REPORT TO THE MEMBERS)**

i. Fixed Assets

- a. The Company has maintained records showing full particulars, including quantitative details and the situation of its fixed assets on the basis of available information. However, as explained, preparation of comprehensive fixed asset register in respect of assets acquired in amalgamation is in the process and the same will be completed after physical verification and reconciliation exercise.
- b. All the assets have not been physically verified by the management during the year but there is a program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business. According to the information and explanation given to us, no discrepancies were noticed on such verification.
- c. During the year under review, the Company has not disposed off substantial part of the assets and the going concern status of the Company is not affected.

ii.

- a. Inventories other than lying with third parties were physically verified during the year by the management. In our opinion, the frequency of verification is reasonable;
- b. In our opinion and according to the information and explanations given to us the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business;
- c. The discrepancies between the physical stocks and the book records arrived at on an annual reconciliation, wherever applicable, as noticed on physical verification were not material and have been properly dealt with in the books of account.

iii.

- a. 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 advance given amounting to Rs. 1,83,76,956/- appearing in the books of the transferor entity have been included and grouped in the books of the Company. This party is covered in the register maintained u/s 301 of the Companies Act, 1956. The Company has granted interest free loans to a party covered in the register maintained under section 301 of the Companies Act, 1956, aggregating to Rs. 178,446/- and the year end balance was Rs. 178,446/-.
- b. As per the information and explanation given to us, there are no stipulations as to repayment of principal or interest. Hence we are not able to express an opinion as to whether the rate of interest and other terms and conditions on which the said loan have been granted by the Company are prima facie, prejudicial to the interest of the Company.
- c. As per the information and explanation given to us, there are no stipulations as to repayment of principal or interest, we are not able to express an opinion as to

whether the payment of principal and interest was regular;

- d. In respect of the aforesaid loans, we are not able to express an opinion as to whether reasonable steps have been taken by the Company for recovery of principal and interest;

The Company has not taken loans from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence clause 4 (iii) (e) to (g) of the Companies Auditor's Report Order, 2003 (as amended) is not applicable to the Company for the year under review.

- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- v. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts and arrangements and exceeding the value of Rs. Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices of the relevant time;

- vi. The Company has not accepted any deposits from public and hence the provisions of section 58A and 58AA of the companies Act, 1956 and rules framed there under during the year under review. We have been informed that no order has been passed by the Company Law Board.

- vii. In our opinion, the Company's internal audit system is commensurate with the size and nature of its business.

- viii. We have broadly reviewed the books of accounts of the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956. Our examination is limited to the maintenance of records and not the correctness or completeness of the records;

- ix. a. The Company has been regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty and other material statutory dues applicable.

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and cess were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.

- c. According to the information and explanation given to us, there are no disputed dues of income tax, wealth



	tax, customs duty, sales tax, excise duty and cess which have not been deposited with the relevant authorities on account of any dispute.	xviii.	The Company has allotted 10,00,00,000 shares as fully paid pursuant to the erstwhile shareholders of Success Apparels Private Limited pursuant to the scheme of amalgamation approved by the BIFR being parties listed in the register maintained under section 301 of the Companies Act, 1956. The price at which the shares have been issued are not prejudicial to the interest of the Company.
x.	The Company did not have any accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.		
xi	As per the amendment / modifications in the rehabilitation scheme sanctioned by the Board of Industrial and Financial Reconstruction on August 23 2005 there is no default by the Company in repayment of dues to financial institutions / banks / debenture holders.	xix	According to the information and explanations given to us, there are no debentures outstanding at the end of the year. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 regarding creation of securities are not applicable.
xii	The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clauses 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.	xx	The Company has not raised any monies by way of public issue during the year. Accordingly, the provisions of paragraph 4(xx) of the Companies (Auditor's Report) Order, 2003 regarding end use of money are not applicable.
xiii.	In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.	xxi	According to the information and explanations given to us, no frauds on or by the Company that causes material misstatements to financial statements have been noticed or reported during the year.
xiv.	In our opinion the Company is not dealing in or trading in shares, securities, debentures and other investments during the year under audit. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.		
xv.	As far as we could ascertain, the Company has not given guarantees for loans taken by others from banks or financial institutions and hence the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.		
xvi.	In our opinion and according to the information and explanation given to us the Company has not availed any term loans during the year under review, no term loans have been borrowed during the year.		
xvii.	According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.		

For Ishwar & Gopal,
Chartered Accountants,
Firm's Registration Number : 001154S

Signature
(K V Gopalakrishnaya)
(Partner)
Membership Number: 021748
Place : Bangalore
Date: 30.05.2014.

**BALANCE SHEET AS AT 31ST MARCH 2014**

Amounts in INR

Sl. No.	Particulars	Note No.	Year ended Mar 31, 2014	Year ended Mar 31, 2013
I. EQUITY AND LIABILITIES				
1. Shareholders Funds				
	a. Share Capital	3	139,342,430	86,428,460
	b. Reserves & Surplus	4	<u>49,989,122</u>	<u>(107,375,609)</u>
			189,331,552	(20,947,149)
2. Non-Current Liabilities				
	a. Long Term Borrowings	5	<u>624,634</u>	-
			624,634	-
3. Current Liabilities				
	a. Short term borrowings	6	41,734,144	-
	b. Trade Payables	7	32,623,273	-
	c. Other Current Liabilities	8	32,216,340	30,800,827
	d. Short Term Provisions	9	<u>3,710,623</u>	<u>1,479,662</u>
			110,284,380	32,280,489
	TOTAL		300,240,566	11,333,340
II. ASSETS				
1. Non-current Assets				
	a. Fixed Assets	10		
	i. Tangible Assets	a	82,018,227	4,710,704
	ii. Intangible Assets	b	<u>277,813</u>	-
			82,296,040	4,710,704
	b. Non-current investments	11	719,729	609,229
	c. Deferred Tax Assets (net)	12	744,005	-
	d. Long Term Loans & Advances	13	<u>23,933,160</u>	<u>1,856,222</u>
			25,396,894	2,465,451
2. Current Assets				
	a. Inventories	14	84,076,170	-
	b. Trade Receivables	15	9,495,376	-
	c. Cash and Cash Equivalents	16	56,189,357	854,137
	d. Short-term loans & advances	17	16,573,273	3,296,048
	e. Other Current Assets	18	26,213,456	7,000
			192,547,632	4,157,185
	TOTAL		300,240,566	11,333,340

Summary of Significant Accounting Policies 1
The accompanying notes are an integral part of the Financial Statements 2

As per our report of even date

For Ishwar & Gopal,

Chartered Accountants,

Firm's Registration Number : 001154S

For and on behalf of the Board of Directors

K V Gopalakrishnayya

Partner

Membership Number: 021748

Place : Bangalore

Date: 30.05.2014.

K. VINOD BHAT
Managing Director
(DIN : 02359812)

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

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



STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2014				Amounts in INR	
Sl. No.	Particulars	Note No.	Year ended Mar 31, 2014	Year ended Mar 31, 2013	
I.	Revenue from Operations	19	458,135,436	69,688,349	
II.	Other Income	20	6,670,453	307,215	
III.	TOTAL REVENUE (I+II)		464,805,889	69,995,564	
IV.	Expenses				
	Cost of materials consumed	21	237,182,704	-	
	Changes (increase) / Decrease in inventories of finished goods				
	Work in Progress	22	5,093,260	-	
	Employee benefits expenses	23	98,974,473	34,843,466	
	Financial costs	24	8,406,007	10,841	
	Depreciation and amortization expense	25	5,725,237	437,059	
	Other expenses	26	64,322,118	9,442,792	
	TOTAL EXPENSES		419,703,799	44,734,158	
V.	PROFIT BEFORE TAX (III-IV)		45,102,091	25,261,406	
VI.	TAX EXPENSE :		-	-	
VII.	PROFIT / (LOSS) FOR THE YEAR (V-VI)		45,102,091	25,261,406	
VIII.	Earnings per equity Share :				
	i) Basic & Diluted		0.32	0.58	
	Summary of Significant Accounting Policies	1			
	The accompanying notes are an integral part of the Financial Statements	2			
	As per our report of even date				
	For Ishwar & Gopal,				
	Chartered Accountants,				
	Firm's Registration Number : 001154S			For and on behalf of the Board of Directors	
	K V Gopalakrishnayya				
	Partner				
	Membership Number: 021748				
	Place : Bangalore				
	Date: 30.05.2014.				
			K. VINOD BHAT	M. SRIPAD RAO	E.N. VEERANNA
			<i>Managing Director</i>	<i>Whole-Time Director</i>	<i>Director Finance</i>
			(DIN : 02359812)	(DIN : 00920044)	(DIN : 00920219)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014		Amounts in INR
Particulars	31-3-2014	31-3-2013
A. CASH FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	45,102,091	25,261,406
Adjustments for:		
Depreciation	5,725,237	437,059
Dividend Income	(35,202)	(5,280)
Interest Income	(4,770,728)	-
Interest & Financial Charges	8,406,007	-
Profit on Sale of Assets / Investments	(1,368,441)	-
Claims on Exports	9,148,659	-
	<u>17,105,532</u>	<u>431,779</u>
Operating Profit /(Loss) before working capital changes	62,207,622	25,693,185
Adjustment for :		
Decrease/(increase) in inventories	(84,076,170)	-
Decrease/(increase) in trade receivables	(18,644,035)	-
Decrease/(increase) in other current & non current assets	(61,560,619)	10,345
Decrease/(increase) in trade payable	32,623,273	-
Decrease/(increase) in other current & non current liabilities	712,352	(25,753,741)
Decrease/(increase) in provisions	2,230,960	301,052
	<u>(128,714,239)</u>	<u>(25,442,344)</u>
Cash generated from operations	(66,506,617)	250,844
Income tax paid (net)	<u>(744,005)</u>	<u>563,054</u>
Net Cash Flow before extraordinary items	<u>(67,250,622)</u>	<u>(312,210)</u>
Extraordinary items		
Net Cash Flow from/(used in) Operating Activities	(67,250,622)	(312,210)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,675,160)	(14,750)
Proceeds from Sale of Fixed Assets	1,380,029	
Additions on amalgamation	(79,533,947)	
Increase in Investments	(110,500)	
Dividend Income	35,202	5,280
Interest Received	6,657,675	
	<u>(77,246,701)</u>	<u>(9,470)</u>
Net Cash Flow from/(used in) Investing Activities	(77,246,701)	(9,470)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014**

Amounts in INR

Particulars	31-3-2014	31-3-2013
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Increase in Short Term Borrowings	41,734,14	
Increase in Long Term Borrowings	1,327,795	
Increase in capital	52,913,970	
Increase in Reserves on amalgamation	112,262,641	
Interest and Financial Charges	(8,406,007)	
Net Cash Flow from/(used in) Financing Activities	199,832,543	
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		
	55,335,220	(321,680)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	854,137	1,175,817
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	56,189,357	854,137
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS	55,335,220	(321,680)

As per our report of even date
For Ishwar & Gopal,
Chartered Accountants,
Firm's Registration Number : 001154S

For and on behalf of the Board of Directors

K V Gopalakrishnayya
Partner
Membership Number: 021748
Place : Bangalore
Date: 30.05.2014.

K. VINOD BHAT
Managing Director
(DIN : 02359812)

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

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

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

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

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

The Accounts have been prepared in accordance with Indian Generally Accepted Accounting Practices (GAAP) under the historic cost convention on the accrual basis of accounting following GAAP comprises of mandatory accounting standards as prescribed by the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013 (to the extent notified) and Companies Act, 1956, to the extent applicable and guidelines issued by the Securities Exchange Board of India (SEBI). The accounting policies have been consistently applied by the Company. The financial statements are prepared in Indian Rupees.

b. Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the period under review. Although these estimates are based upon the Managements best knowledge of current events and actions, actual results could differ from these estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made, if material, their effects are disclosed in the notes to the financial statements.

c. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, expenses incidental to the installation of the assets, cost of bringing the asset to its working condition for its intended use and attributable borrowing costs.

d. Depreciation

The Company provides depreciation on fixed assets on Written Down Value Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Depreciation on additions/deletions during the year has been provided for on pro-rata basis. Assets purchased/installed during the year costing less than Rs.5, 000/- each are fully depreciated. (Refer Note 1.5 of notes to accounts)

e. Impairment of Assets:

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

f. Investments

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

g. Inventories

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

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

Contribution to defined contributory retirement benefit schemes are recognized as an expense when employees have rendered services entitling them to contributions. For defined benefit schemes, the cost of providing benefits is determined using the Project Unit Credit Method, with actuarial valuation being carried out at each Balance Sheet Date. Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise it is amortized on straight-line basis over the average period until the benefits become eligible for being vested.

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

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

i. Revenue Recognition

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

(i) Sale of Goods

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

(ii) Rendering of Services:

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

(iii) Dividend Income:

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

(iv) Interest Income:

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

j. Borrowing Costs

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

k. Taxation**(i) Current Tax:**

Provision for current taxation has been made in accordance with the Income Tax laws applicable to the assessment year.

(ii) Deferred Tax:

The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognized only if there is a virtual certainty of its realization supported by convincing evidence. Deferred tax asset on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each balance sheet date the carrying amount of deferred tax assets are reviewed to reassure realization.

l. Foreign Currency Transactions:

Foreign currency transactions are dealt with in accordance with the Accounting Standard 11 "The Effects of Changes in Foreign Exchange Rates", notified by the Companies (Accounting Standards) Rules, 2006.

m. Earnings per Share

The Company reports basic and diluted Earnings per share (EPS) in accordance with Accounting Standard (AS) - 20 on "Earning per Share" issued by the ICAI. Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n. Accounting for Provisions, Contingent Liabilities and Contingent Assets

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

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

- (i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle that obligation;



- (ii) A present obligation when no reliable estimate is possible; and
 (iii) A possible obligation arising from past events where the probability of outflow of resources is remote.
 Contingent Assets are neither recognised nor disclosed in the financial statements.

o. Leases:

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

p Intangibles

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

r Segment Reporting

Revenue, operating results, assets and liabilities has been identified to represent separate segments on the basis of their relationship to the operating activities of the segment. Assets, liabilities, revenue and expenses which are not allocable to separate segment on a reasonable basis, are included under "Un-allocated".

2.1 Notes forming part of the financial statements

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

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

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

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

- i) Non current assets includes amount due from Thrive Leathers Rs. 186,34,639/- a firm in which a director is interested. The above amount has been considered good and recoverable by the management.
 b. 10,00,00,000 equity shares of face value of Rs. 2 each have been allotted to the shareholders of SAPL as a consideration for the amalgamation.
 c. 38,71,800 equity shares of the Company held by SAPL has been written off and to that extent the paid up capital of the Company stands reduced without applicability of the provisions of the Companies Act, 1956.
 d. The face value of the shares are reduced from Rs. 2 to Re. 1.
 e. As per the scheme,
 i. Balance in security premium account, capital reserve account and general reserve account is set off against brought forward losses.
 ii. General reserve and surplus in profit & loss account of SAPL is set off against goodwill arising on account of amalgamation.
 iii. Reduction in capital is set off against carry forward losses and goodwill on account of amalgamation.



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

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

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

2.2 DETAILS OF SECURITIES TO LOANS:

The Company has earlier created charge on the fixed and current assets of the Company in favour of Industrial Development Bank of India, State Bank of India Mutual Fund, Karnataka State Industrial Investment Development Corporation, Karnataka State Financial Corporation, State Bank of India and Canara Bank. The Company has repaid / allotted shares towards these dues as approved by the BIFR. (Refer note 1.2). Company is in the process of filing satisfaction of charges with Registrar of Companies in respect of these charges. Short term borrowings are secured by hypothecation of inventories and receivables, personal guarantee of Directors of Success Apparels Private Limited and Equitable mortgage of an immovable property.

2.3 CURRENTS ASSETS AND LIABILITIES:

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

2.4 CHANGE IN ACCOUNTING POLICY:

During the year, the Company has changed the method of depreciation of fixed assets of Namaste Exports Limited, from straight line method to written down value method. Consequent to the change, depreciation charge for the year is increased by Rs. 62,462/- with consequential effect on reserve.

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

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

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

PARTICULARS	Year ended 31st March, 2014		Year ended 31st March, 2013	
	Principal	Interest	Principal	Interest
Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil	Nil	Nil
The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil	Nil	Nil
The amount of further interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year;	Nil	Nil	Nil	Nil
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	Nil	Nil

2.7 SEGMENT REPORTING POLICIES:

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

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

(i) Key Managerial Personnel :	1. K. Narayana Bhat 2. Mrs. Madhura N. Bhat 3. Mr. Vinod Bhat 4. Mr. E.N. Veeranna 5. M. Sripad Rao 6. Vishal Bhat	Chairman Director resigned w.e.f. 20/08/2013 Managing Director Director-Finance Whole Time Director Director
(ii) Relatives of Key Managerial Personnel :	1. Vikas Bhat	Relative of Director
(iii) Associates :	1. Elite Leather International Private Limited 2. MNS Exports Private Limited 3. N.P. Properties Private Limited 4. Thrive Leathers	

**b. Transactions Carried out with related parties referred above :**

Particulars	Year ended 31st March 2014	Year ended 31st March 2013
a) Transactions with related parties		
Remuneration Paid :		
1. Mrs. Madhura N. Bhat	-	235,200
2. Mr. Sripad Rao M.	366,000	381,000
3. Mr. K. Vinod Bhat	673,500	280,000
4. Mr. E.N. Veeranna	1,093,440	786,840
TOTAL	2,132,940	1,683,040
MNS Exports Private Limited		
Leather Processing Charges received	-	529,500
Sale of Machinery	184,625	-

c. Balance Payable / Receivable :

a) Dues to Associates :			
1. Elite Leather International Private Limited	5,869,733		2,482,508
2. MNS Exports Private Limited	185,102		185,102
3. N. P. Properties Private Limited	1,800,000		1,800,000
	7,854,835		4,467,610
b) Dues to Directors :			
1. Mrs. Madhura N. Bhat	426,180		720,391
2. Mr. Sripad Rao M.	17,240		198,696
3. Mr. E.N. Veeranna	-		29,260
4. Mr. K. Narayana Bhat	-		-
5. Mr. K. Vinod Bhat	53,116		104,536
	496,536		1,052,883
c) Dues from Directors :			
1. Mr. E.N. Veeranna	178,446		-
d) Due from Associates :			
Thrive Leathers	18,376,956		-

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

The Company makes Provident Fund contribution to defined contribution retirement benefit plans for eligible employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized Rs. 70,55,142 (Rs. 26,89,915/-) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the respective scheme.

b. Defined benefit plans:

The Company makes the provision to the Employees' Gratuity Scheme for eligible employees. The scheme provides for lump sum payment to eligible employees at retirement, death while in employment or on termination of employment, an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Eligibility occurs upon completion of five years of service. The present value of the defined benefit obligation and current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2014:



Particulars	As at 31-03-2014	As at 31-03-2013
(a) Change in benefit obligation :		
Projected benefit Obligation, beginning of the year	5,902,660	5,200,634
Service Cost	870,237	416,051
Interest Cost	472,213	703,929
Benefits Paid	2,053,275	(939,877)
Actuarial (Gain) / Loss	(291,410)	521,923
Additions on amalgamation	2,508,566	-
Projected Obligation at the end of the year	11,515,541	5,902,660
(b) Change in Plan Assets :		
Fair value of plan assets, beginning of the year	5,348,989	4,848,555
Expected return on plan assets	429,611	420,255
Employer's contributions	1,034,787	1,020,056
Benefits paid	2,053,275	(939,877)
Actuarial (gain) / loss	102,952	-
Additions on amalgamation	1,790,500	-
Fair value of plan assets at the end of the year	10,760,114	5,348,989
Excess of (obligation over plan assets) / plan assets over obligation	(755,427)	(553,671)
(c) Net gratuity and other cost for the year		
Service cost	870,237	703,929
Interest on defined benefit obligation	472,213	416,051
Expected return on plan assets	(429,611)	(420,255)
Net actuarial gain recognized in the year	323,705	521,923
Net gratuity and other cost	1,236,544	1,221,648
(d) Category of Assets		
Insurer Managed Funds	10,760,114	5,348,989
(e) Assumptions used in accounting for the gratuity plan :		
Discount rate	8%	8%
Salary escalation rate	7%	7%
Expected return on plan assets	7%	7%

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

2.10 DETAILS OF PAYMENT TO THE AUDITOR :

Particulars	Year ended	
	31-03-2014	31-03-2013
For Company Law matters	175,000	75,000
For Taxation matters	55,000	15,000
For VAT Audit	-	-
For Management services- Certification	23,000	20,000
Service Tax	31,271	13,590
For Reimbursement of expenses	99,581	990
TOTAL	383,852	124,580

**2.11 LEASES:**

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

Particulars	Year ended	
	31-03-2014	31-03-2013
Lease rentals recognized during the year	4,785,226	3,416,136
Lease obligations payable:		
Within one year of the Balance Sheet date	3,416,136	3,416,136
Due in a period between one year and five years	-	3,416,136
Due after five years	-	-
TOTAL	8,201,362	10,248,408

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

2.12 EARNING PER SHARE :

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

Particulars	31st Mar. 2014	31st Mar. 2013
Profit Before Tax and Extra Ordinary Items	45,102,091	25,261,406
Less: Current year tax	-	-
Deferred Tax	-	-
Profit After Tax but before Extra Ordinary Items	45,102,091	25,261,406
Extra Ordinary Items	-	-
Profit After Tax and Extra Ordinary Items	45,102,091	25,261,406
Weighted average no. of Equity shares:		
Basic	139,342,430	43,214,320
Diluted	139,342,430	43,214,320
Earnings per Share - Basic:		
Before extra ordinary items	0.32	0.58
After extra ordinary items	0.32	0.58
Earnings per Share - Diluted:		
Before extra ordinary items	0.32	0.58
After extra ordinary items	0.32	0.58

2.13 PROVISIONS AND CONTINGENCIES:

The Company has made provision for leave salary on estimated basis. These being retirement benefits an obligation to pay these amounts might arise at the time of resignation / superannuation of the employees. There is no reimbursement receivable against these obligations. The following table sets out the funded status of the leave salary and the amounts recognized in the Company's financial statements as at March 31, 2014:

Particulars	As at 31-03-2014	As at 31-03-2013
Carrying amount in the beginning of the year	925,992	826,532
Additional provision made during the year	2,354,148	417,345
Additions on amalgamation	1,859,962	-
Amounts used during the year	1,462,686	317,885
Unused amounts reversed during the year	732,250	-
Carrying amount in the end of the year	2,945,166	925,992

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

Particulars	31-March-14		31-March-13	
	% of Consumption	Amounts in INR	% of Consumption	Amounts in INR
Imported	19	44,965,038	-	-
Indigenous	81	192,217,666	-	-
Total	100	237,182,704	-	-

2.15. Value of Imports calculated on CIF Basis

Raw Materials	63,521,794
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2.16. Expenditure in Foreign Currency

Travelling	1,382,879
Bank Charges	516,313

2.17. Earnings in Foreign Currency calculated on FOB Basis

Exports on FOB Basis	397,858,833
Sample Sales	2,746,632

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

(Amounts in INR)

Particulars	31-March-14	31-March-13
Power Charges	-	43,118
Rent	4,500	32,400
Purchase of Leather	285,664	-
Travelling Expenses	12,988	-
Directors Sittings Fees	15,000	-
	318,152	75,518

2.19 The figures of the current year includes the performance of Success Apparels Private Limited and are hence not comparable. The previous figures have been regrouped / reclassified, wherever necessary to confirm to the current presentation. Figures in brackets are in respect of previous year.

**Notes to the Financial Statements for the year ended 31st March 2014****3. Share Capital**

Particulars	AS AT 31-03-2014		AS AT 31-03-2013	
	Number	Amt. in INR	Number	Amt. in INR
Authorised :				
a. Equity Shares	250,000,000	250,000,000	250,000,000	500,000,000
b. Issued :				
Equity Shares	139,342,430	139,342,430	43,214,230	86,478,460
Subscribed and paid fully				
Equity Shares	139,342,430	139,342,430	43,214,230	86,478,460
Subscribed but not paid fully				
Equity Shares				
TOTAL	139,342,430	139,342,430	43,214,230	86,478,460

c. Par value Rs. 1 per equity share (previous year Rs. 2)

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

Particulars	AS AT 31-03-2014	AS AT 31-03-2013
	Number	Number
Equity Shares		
Outstanding at the beginning of the period	43,214,230	43,214,230
Add: Shares issued to shareholders of Success Apparels Private Limited pursuant to scheme of amalgamation	100,000,000	-
Less: Shares held by Success Apparels Private Limited cancelled pursuant to scheme of amalgamation	(3,871,800)	-
Outstanding at the end of the period	139,342,430	43,214,230

e. Terms / Rights attached to equity shares of Rs. 1 (Rs. 2/-) per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the Annual General Meeting.

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



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

Name of the Shareholder	AS AT 31-03-2014		AS AT 31-03-2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
MNS Exports Private Limited	3,865,000	3	3,865,000	9
Success Apparels Private Limited		0	3,330,000	8
State Bank of India	3,987,850	3	3,987,850	9
Shardamma	2,280,000	2	2,280,000	5
Mrs. Madhura Bhat	37,726,550	27	7,726,550	18
Mr. K. Narayana Bhat	3,092,050	2	3,092,050	7
M. Srinivasa Murthy	21,448,600	15	-	0
M Sripad Rao	20,096,365	14	-	0
Mrs. Vanajakshi	10,056,700	7	-	0
M Prabhakar	12,006,700	9	-	0

Shares reserved for issue under options and contracts / commitments for sale of shares / disinvestment, including the terms and amounts

Nil

Nil

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

Nil

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.

100,000,000

Nil

4. RESERVES & SURPLUS

a. Capital Reserve :

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

b. Securities Premium Account :

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

c. General Reserve

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

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

[Ref. Note No. 2.1(e)]

Balance as per last financial statement	(672,687,846)		(697,949,252)	
Profit for the year	45,102,091		25,261,406	
Add : Additions on amalgamations	677,574,878		-	
Appropriations	-		-	
Net Surplus / (Deficit) in statement of Profit & Loss Account		49,989,122		(672,687,846)

Total Reserves & Surplus **49,989,122** **(107,375,609)**



Particulars	AS AT 31-03-2014		AS AT 31-03-2013	
	Rs.	Rs.	Rs.	Rs.
5. LONG TERM BORROWINGS				
Deferred Payment liabilities (Hire Purchase Finance from Banks)				
a. secured by Hypothecation of Vehicles		1,327,795		-
Total Long Term Borrowings		1,327,795		
Less : Instalments of term loan payable within a year		703,161		
Total Long Term Borrowings		624,634		-
*Deferred Payment Liabilities is secured by hypothecation of vehicles. The loan is repayable in 24/36 equated monthly instalments.				
Maturity Profile		2014-15	2015-16	2016-17
		703,161	495,561	129,073
6. SHORT TERM BORROWINGS				
a. Loans repayable on demand				
From Banks - Working Capital Borrowings *		41,734,144		
		41,734,144		
*Refer Note - 2.2				
7. TRADE PAYABLES				
Due to Micro, Small and Medium Enterprises				
Due to other than Micro, Small and Medium Enterprises		32,623,273		-
Total		32,623,273		
8. OTHER CURRENT LIABILITIES				
a. Current Maturityites of long term debts				
Current maturityites of term loan due to a bank		703,161		
b. Other payables				
i. Dues to Associates		7,854,835		4,467,610
ii. Advances from Customers		2,462,555		12,838,011
iii. Dues to Director		496,536		1,052,883
iv. Liabilities for Expenses		20,699,253		12,442,323
Total		32,216,340		30,800,827
9. SHORT TERM PROVISIONS				
Provision to employee benefits				
i. Gratuity		755,428		553,670
ii. Leave Benefits		2,945,166		925,992
Others				
i. Provision for wealth tax		10,029		-
Total		3,710,623		1,479,662



10. DEPRECIATON SCHEDULE FOR THE YEAR 2013-14

Description	GROSS BLOCK				DEPRECIATION BLOCK					As on 313-2014	As at 313-2013	
	As on 1-4-2013	Additions	Addition on Amalgamation	Deletions	As on 313-2014	As on 1-4-2013	For the Year	Addition on Amalgamation	Deletions			As on 313-2014
TANGIBLE ASSETS												
1. Land	3,706,624	—	45,106,880	—	48,813,504	—	—	—	—	—	48,813,504	3,706,624
2. Building	923,511	107,601	19,330,217	—	20,361,329	631,710	1,052,684	9,954,625	—	11,639,018	8,722,311	291,802
3. Plant & Machinery	15,271,037	2,475,549	61,429,061	(762,783)	78,412,863	14,570,834	2,705,945	42,860,987	(7,541)	60,130,225	18,282,639	700,203
4. Electrical Installaton	—	—	70,000	—	70,000	—	6,209	35,697	—	41,906	28,094	—
5. Office Equipment	—	62,500	720,904	—	783,404	—	118,446	287,792	—	406,238	377,166	—
6. Computer	—	94,149	2,726,881	—	2,821,030	—	166,444	2,386,859	—	2,553,303	267,727	—
7. Furnitures & Fixture	—	106,153	512,167	—	618,320	—	68,082	354,128	—	422,209	196,111	—
8. Vehicle	14,000	2,829,208	12,090,223	(3,069,172)	11,864,259	1,925	1,422,219	7,796,108	(2,686,669)	6,533,584	5,330,675	12,075
9. Intangible Assets Software	—	—	771,700	—	771,700	—	185,208	308,680	—	493,888	277,813	—
Total	19,915,172	5,675,160	142,758,032	(3,831,955)	164,516,409	15,204,469	5,725,237	63,984,875	(2,694,210)	82,220,317	82,296,040	4,710,704
Previous Year	19,900,423	14,749			19,915,172	14,767,410	437,059			15,204,469	4,710,702	

Note : Deletions to plant and machinery include subsidy received Rs. 7,51,695/-

11. NON CURRENT INVESTMENTS

Investment in equity instruments

Long term - Quoted

32091 (Nil) Equity Shares of Encore Software Limited 1,099,218

-

2200 (2200) Equity shares of IDBI

286,000

286,000

1,385,218

286,000

Less : Diminution in Value of Investments

1,099,218

286,000

-

286,000

Long Term Unquoted

100 Shares of Ranipet Leather Finishing

Servicing Industrial Co-operative Society Ltd.

10,000

10,000

2625 shares of Talco Vaitec Limited

262,500

272,500

262,500

272,500

Investment in Government or trust securities

Unquoted

Government Securities (pledged with sales tax authorities)

16,229

5,729

Investments in mutual funds

10,000 (Nil) Units of SBI Magnum Comma Fund

Dividend Mutual Fund (Net Asset Value

Rs. 130820 (Rs. 1,02,300)

100,000

-

9121 Units of PNB Gilts

45,000

45,000

Total

719,729

609,229



Particulars	AS AT 31-03-2014		AS AT 31-03-2013	
	Rs.	Rs.	Rs.	Rs.
Basis of Valuation : Investments as stated at cost.				
Aggregate amount of quoted investments and market value thereof				
Aggregate amount of quoted investments		331,000		331,000
Market Value of quoted investments		430,307		414,228
Aggregate amount of unquoted investments		16,229		5,729
Aggregate provision for dimunition in value of investments		1,099,218		-
12. DEFERRED TAX ASSET / (LIABILITIES)				
On account of				
Carry forward losses				
Temporary disallowances under Income Tax		191,322		-
Depreciation		552,683		-
		744,005		-
13. Long Term Loans & Advances				
a. Security Deposits				
Considered Good		4,531,204		1,856,222
b. Other Loans & Advances (Unsecured)				
i) Considered Good				
- Advance to Suppliers		18,376,956		-
- Capital Advances		400,000		-
- Employee Advances		625,000		-
Total		23,933,160		1,856,222
14. INVENTORIES				
Raw Materials		80,512,316		-
Work in Progress		564,949		-
Finished Goods		2,998,905		-
Total		84,076,170		
15. TRADE RECEIVABLES				
(Unsecured, Considered Good)				
Aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment		1,680,764		
Others		7,814,612		
		9,495,376		
16. CASH AND CASH EQUIVALENTS				
a. Balance with Banks				
i. on Current Account		8,045,625		596,505
ii. on Deposit Account*		40,007,407		175,000
iii. On Exchange Earners Foreign Currency Account		4,408		-
b. Cash on hand		1,831,917		82,632
Bank Deposits with more than 12 months maturity*		6,300,000		-
		56,189,357		854,137

(*pledged against working capital facilities)



Particulars	AS AT 31-03-2014		AS AT 31-03-2013	
	Rs.	Rs.	Rs.	Rs.
17. SHORT TERM LOANS AND ADVANCES				
Other Loans and Advances (Considered Good)				
i. Advance Income Tax (net of provision for taxation)		5,693,603		3,005,632
ii. Prepaid Expenses		1,942,941		197,116
iii. Advance to Suppliers		4,274,632		-
iv. Balance with Statutory / Government Authorities		4,080,726		-
v. Employee Advances		332,425		93,300
vi. Other Advance		70,500		-
vii. Dues from Directors		178,446		-
Total		16,573,273		3,296,048
18. OTHER CURRENT ASSETS				
Duty Drawback receivable		14,226,763		-
Interest accrued but not due to deposits		11,986,693		7,000
Total		26,213,456		7,000
19. Revenue from Operations				
Sales of Products		411,354,969		-
Sale of Services		5,977,558		69,688,349
Other Operating revenues				
Sales of Import License	7,816,455		-	
Export incentives received	32,986,454	40,802,909	-	-
Revenue from operations (Gross)		458,135,436		69,688,349
Less : Excise Duty				
Revenue from operations (Net)		458,135,436		69,688,349
Details of Products Sold				
Finished Goods Sold				
Leather Garments		370,218,880		-
Finished Leather		34,911,689		-
Leather Goods		3,808,401		-
Other		2,415,999		-
		411,354,969		
Details of Service Rendered				
Processing Charges		5,977,558		69,688,349
		5,977,558		69,688,349
20. Other Income				
a. Interest income from Bank Deposits		4,770,728		-
b. Interest income from others		115,602		54,101
c. Dividend income from Long Term Investments		35,202		5,280
d. Net gain on sale of fixed assets / investments		1,368,441		-
e. Other non-operating income (net expenses)				
i. Excess provision / (unclaimed credit) withdrawn	131,732		82,834	
ii. Others	248,748	380,480	165,000	247,834
		6,670,453		307,215



Particulars	AS AT 31-03-2014		AS AT 31-03-2013	
	Rs.	Rs.	Rs.	Rs.
21. Cost of material consumed				
Cost of raw materials consumed		237,182,704		-
		237,182,704		-
Raw Material Consumption				
a. Leather		178,764,051		
b. Chemicals		27,832,356		
c. Accessories		30,586,297		
		237,182,704		-
22. Charges (increase) / Decrease in inventories of finished goods, work in progress				
Inventories at the end of the year				
a. Work in Progress		564,949		-
b. Finished Goods		2,998,905		-
		3,563,854		-
Inventories transferred on amalgamation				
a. Work in Progress		2,178,190		-
b. Finished Goods		6,478,924		-
		8,657,114		-
Charges (increase) / Decrease in inventories of finished goods, work in progress and Stock-in-Trade		5,093,260		
Work in Progress				
Leather Garments		564,949		-
Finished Goods				
Leather Garments		2,998,905		-
23. Employee Benefit Expenses				
Salaries & Wages		84,777,790		28,800,283
Contribution to Provident & Other Funds		11,142,661		5,142,415
Staff Welfare Expenses		3,054,022		900,768
		98,974,473		34,843,466
24. Financial Costs				
Interest Expense		5,973,096		-
Other Borrowing Costs (Bank Charges)		1,937,927		10,841
Net (gain) / loss on foreign currency transaction and translation to the extent considered as adjustment to borrowing costs		494,983		-
		8,406,007		10,841
25. Depreciation and amortisation expenses				
Depreciation of Tangible Assets		5,540,029		437,059
Amortisation of Intangible Assets		185,208		-
		5,725,237		437,059

Particulars	AS AT 31-03-2014		AS AT 31-03-2013	
	Rs.	Rs.	Rs.	Rs.
26. OTHER EXPENSES				
Power and Fuel & Water		10,400,617		1,923,225
Rent		4,785,226		3,416,136
Repairs to buildings		1,763,369		-
Repairs to Machinery		5,341,912		100,006
Repairs to Others		2,572,726		535,046
Bad Debts written off		7,500		-
Insurance		998,575		35,483
Rates & Taxes, excluding taxes on income		4,241,071		416,858
Remuneration to Auditors		383,852		124,586
Consultancy Charges		784,407		616,670
Freight and Forwarding		1,519,388		-
Job Work Charges		7,507,260		-
Travelling & Conveyance		6,174,260		551,297
Communication expenses		634,491		406,858
Advertisement and Publicity		-		7,969
Registration & Subscriptions		-		26,034
Licence / Renewal Fees		-		962,785
Listing Fees		176,491		-
Directors Sitting Fees		75,000		30,000
Business Promotion		1,220,824		-
Claims on Exports		9,148,659		-
Watch & Ward		1,219,524		19,750
Miscellaneous		2,605,262		43,188
Donation		41,251		12,551
Foreign Exchange Fluctuation		947,025		-
Sales Commission		652,982		-
Printing & Stationery		802,296		138,832
Prior year adjustment		318,152		75,518
		64,322,118		9,442,792

NAMASTE EXPORTS LIMITED

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

PROXY FORM

I/We _____
of _____
in the district of _____
being a Member(s) of **Namaste Exports Ltd.**, hereby appoint Shri _____
of _____ in the District of _____
failing him Shri _____
of _____ in the district of _____ as my/our proxy to vote for
me/us, on my/our behalf at the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company to be held on
Tuesday, the 30th September, 2014 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 _____ 2014.

Regd. Folio No. _____

No. of Shares held _____

1/- Rupee
Revenue
Stamp

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

NAMASTE EXPORTS LIMITED

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

ATTENDANCE SLIP

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL

Full Name of the Member attending (in Block Letters) _____

Full Name of the Joint holder _____

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

Name of the Proxy _____

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

I hereby record my presence at the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company on
Tuesday, the 30th September, 2014 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.