



***NAMASTE EXPORTS LIMITED***

***THIRTY THIRD ANNUAL REPORT  
2020 - 2021***



**BOARD OF DIRECTORS**

Mr. K. Vinod Bhat	Managing Director
Mr. E.N. Veeranna	Whole-time Director & CFO
Mr. K. Vikas Bhat	Director
Mr. K. Madana Bhat	Additional Director
Mrs. Geetha Santhanagopalan	Independent Director
Mr. G.P. Roy	Independent Director

**BANKERS**

The Federal Bank Ltd.,  
St. Marks Road,  
Bangalore-560001

**STATUTORY AUDITORS**

Mr. Ajay V Hande,  
M/s. Hande & Associates,  
Chartered Accountants, 8/39,  
Shridhara Nilaya,  
Goverdhan Gardens,  
Yelachenahalli, Bangalore 560 062.

**REGISTERED OFFICE**

Namaste Complex  
# 21/2, Vittalnagar  
Chamarajpet  
Bangalore-560 018  
CIN : U85110KA1988PLC008988  
Tel : 91-80-26742252  
Email : [accounts@namasteexports.net](mailto:accounts@namasteexports.net)  
Website : [www.namasteexports.net](http://www.namasteexports.net)

## Namaste Exports Limited

CIN : U85110KA1988PLC008988

Registered Office: Namaste Complex, # 21/2, Vittalnagar, Chamarajpet, Bangalore-560 018

Tel: 91-80-26742252

Email: accounts@namasteexports.net

Website : www.namasteexports.net

### NOTICE

Notice is hereby given that the 33rd Annual General Meeting of the members of Namaste Exports Limited will be held at **S.G. Party Hall**, 14 th Cross, K.R. Road, BSK 3rd Stage, Next to Bharath Petrol Bunk, Opp. to Siddaiah Garage, Banalore - 560 028 on Thursday the **25th November, 2021** at 10.30 A.M. to transact the following business:

#### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2021 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. K. Vikas Bhat (DIN: 00939715) who retires by rotation, being eligible offer himself for re-appointment.

#### SPECIAL BUSINESS :

3. **TO RE-APPOINT Mr. K. VINOD BHAT (DIN: 02359812) AS A MANAGING DIRECTOR**

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

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Central Government, if required, consent is hereby accorded for the re-appointment of K. Vinod Bhat (DIN: 02359812) as Managing Director of the Company for a period of 3 years w.e.f. 01/11/2020 to 31/10/2023 on such terms and conditions approved by the board on 15/12/2020 and remuneration committee meeting on 30/12/2020, including remuneration as set out in the explanatory statement.

4. **REGULARISATION OF THE APPOINTMENT OF MR KHANDIGE MADANA BHAT (DIN: 09061239) AS DIRECTOR WITH REMUNERATION PAYABLE:**

To consider, and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution.

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161(1) and 197 of the Companies Act 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and Section II of Part II of Schedule V as amended from time to time and other applicable provisions of the Act made there under, (including any statutory modification(s) or re-enactment thereof for the time being in force) and provisions of the Articles of Association of the Company consent of shareholders of the Company be and is hereby accorded to appoint Mr. Khandige Madana Bhat having DIN: 09061239, as Director of the Company w.e.f. 09/02/2021 and who holds the said office up to the date of the ensuing Annual General Meeting and in respect of whom notice is received by the Company from a member of the Company under section 160 of the Companies Act, 2013 signifying intention to propose Mr. Khandige Madana Bhat as his candidature for the office of Director on a remuneration payable to him INR 50,000/- per

month from the date of his appointment and in respect to whom the Nomination & Remuneration Committee has recommended for his appointment as Director and payment of the said remuneration for a period of 03 years be and is hereby regularized as Director of the Company, subject to liable to retire by rotation".

5. **REMUNERATION PAYMENT TO Mr. K. VIKAS BHAT, (DIN: 00939715) DIRECTOR**

To consider, and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution.

**"RESOLVED THAT** Pursuant to the provisions of Section 197 read with Section II of Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time, applicable clauses of the Articles of Association of the Company, consent be and is hereby accorded for payment of consolidated remuneration of Rs. 80,000/- (Rupees Eighty thousands only) per month to Mr. Khandige Vikas Bhat [DIN: 00939715] effective from 1st April, 2021".

Sd /-  
Bangalore-560 018.  
20th October, 2021

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

#### NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY INSTEAD OF HIMSELF/HERSELF TO ATTEND THE ANNUAL GENERAL MEETING AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM SHOULD BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY BY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
2. The Register of Members and Share Transfer Books of the Company will remain closed on 25th November, 2021.
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/email ID and to the respective DPs in case of shares in demat mode and to the Company's Registrar and Transfer Agent (RTA) BgsE Financials Ltd., Bangalore.
5. W.e.f. 1st April, 2019, except in the case of transimission or transposition of securities, the requests for effecting transfer of securities shall not be proceed unless the securities are held in the dematerialisation form with a depository, Hence, the members holding shares in physical form are requested to dematerialise their physical shares into electronic form by sending demat requests to their concerned Depository Participants. (DP),
6. Register of contracts, maintained under section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.

Bangalore-560 018.  
20th October, 2021

**For NAMASTE EXPORTS LTD.**  
Sd /- (K. VINOD BHAT)  
MANAGING DIRECTOR  
(DIN : 02359812)



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013**

**ITEM : 3**

**RE-APPOINT Mr. K. VINOD BHAT**

The Board of directors at its meeting held on 15/12/2020 approved the re-appointment of Mr. K. Vinod Bhat , (DIN: 02359812) as Managing Director of the company for a period of 3 years from 01/11/2020 to 31/10/2023 and that the remuneration committee approved the re-appointment of Mr. K. Vinod Bhat at its meeting held on 30/12/2020. Considering his vast expertise in the field of leather industry and long association with the Company, resolved to appoint Mr. K. Vinod Bhat as Managing Director for a period of 3 years subject to the approval of the Shareholders, Central Government, if required, at the ensuing AGM on the following terms and conditions.

1. He shall be responsible for overall management and supervision of the Company in addition to other duties and responsibilities as are entrusted to him from time to time by the Board .
2. He shall be accountable to the Board of Directors/Chairman in discharging his duties and the Board of Directors/Chairman shall be his disciplinary authority.
3. He shall throughout of the said term of his appointment, devote the whole of his time, attention and ability to the business of the Company.
4. He shall be entitled to the following remuneration and benefits.
  - (i) Salary : Rs. 1,95,000/- (Rupees One Lakh ninty five thousand only) per month.
  - (ii) Increase in remuneration upto 20% every year.
  - (iii) Perquisites and Allowances : The Managing Director shall be entitled to medical reimbursement equal to one month's salary; leave travel concession for self and family; personal accident insurance; company's contribution to provident fund, superannuation fund, gratuity and leave encashment at the end of the tenure including carry forward leaves under previous term and such other perquisites and allowances.
  - (iv) In case of loss or inadequacy of profits in any financial year of the Company, the Managing Director is entitled to all remuneration including benefits and amenities as aforesaid.
5. He shall be entitled for the re-imbursement of all, actual expenses or charges incurred by him for and on behalf of the Company in furtherance of its business and object as may be approved by the Board from time to time.
6. He is entitled to 30 days leave with pay and casual leave as applicable to other officers of the Company, for each year of service.
7. He shall not engage himself either directly or indirectly in any other business.
8. He shall not divulge or disclose any person, firm, company, body corporate or concern whatsoever or make any use for his own or for whatever purpose of any information confidential in nature obtained by him during his employment as to the business affairs of the Company or as to the trade secrets or any information relating to the Company except particulars which are to be disclosed by the Company in the ordinary course of business.
9. The Company shall be entitled to terminate this agreement in the event of him being guilty of misconduct or such inattention or or negligence in the discharge of his duties.
10. Notwithstanding anything herein contained either party hereto shall have the option to terminate the appointment by giving 3 months notice in writing to the other party to that effect.
11. The Managing Director will perform 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 of directors/ Chairman.

12. The Managing Director shall act in accordance with the Articles of Association of the Company and shall abide by the provisions contained in Section 166 of the Act with regard to duties of directors.

13. The Managing Director shall adhere to the Company's Code of Business Conduct & Ethics for Directors and Management Personnel.

14. The office of the Managing Director may be terminated by the Company or the concerned Director by giving the 3 (three) months' prior notice in writing.

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

**ITEM : 4**

**REGULARISATION OF THE APPOINTMENT OF MR. KHANDIGE MADANA BHAT :**

Board of directors of the Company at its meeting held on 09/02/2021 approved the appointment of Mr. Khandige Madana Bhat (DIN: 09061239) as Additional Director of the Company and Mr. Khandige Madana Bhat holds office of the Director till the conclusion of next Annual General Meeting. And that the Board at its meeting held on 09/02/2021 approved the payment of remuneration INR 50,000/- per month subject to the approval of members of the Company.

By virtue of companies amendment act 2020 under section 197, notified w.e.f. 28/09/2020, subject to the ceilings prescribed under Section II of Part II of Schedule V, it is permissible to pay remuneration to non-executive directors. So, it is proposed to pay consolidated remuneration of Rs. 50,000/- (Rupees Fifty thousands only) per month to Mr. Khandige Madana Bhat, Director of the Company, w.e.f. 9th February, 2021.

Keeping in view the qualification and experience of Mr. Khandige Madana Bhat and long association with the company, Mr. Khandige Madana Bhat is appointed as Director for a period of 3 years subject to the approval of shareholders of the Company.

Except Mr. K. Vikas Bhat, no other director is concerned or interested, financial or otherwise, in the resolution.

The Board recommends the resolution set forth in Item no.4 for the approval of the members.

**ITEM No. 5:**

**REMUNERATION PAYMENT TO Mr. K. VIKAS BHAT, DIRECTOR**

The Board at its meeting held on 05<sup>th</sup> April, 2021 approved payment of consolidated remuneration INR 80,000/- per month to Mr. Khandige Vikas Bhat, non-executive director effective from 01/04/2021 subject to approval of Remuneration and nomination committee and members of the Company.

By virtue of companies amendment act 2020 under section 197, notified w.e.f. 28/09/2020, subject to the ceilings prescribed under Schedule V, it is permissible to pay remuneration to non-executive directors. Section 197 read with Section II of Part II of Schedule V of the Companies, Act, 2013, a company has no profits or its profits are inadequate, it may, pay remuneration to the managerial person or other director not exceeding Rs. 84 Lakhs and Rs. 17 Lakhs respectively, in case where the effective capital is 5 Crores and above but less 100 Crs.

Since, the Company has inadequate profit and no default is made to Financial Institutions, NCDs and secured creditors and the payment of proposed remuneration is under the limits of the Section 197 read with Section II of Part II of Schedule V of the Companies, Act, 2013, the Board recommends passing the resolution.

Except Mr. K. Madana Bhat no other director is concerned or interested, financial or otherwise, in the resolution.

Bangalore-560 018.  
20th October, 2021

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

## DIRECTORS REPORT

To The Members,  
Directors present the 33rd Annual Report of the Company along with the Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2021.

### 1. FINANCIAL RESULTS

	(Rs. in Lakhs)	
Particulars	2020-2021	2019-2020
Revenue from Operations	3672.74	2826.51
Other income	11.34	61.21
Profit/loss before dep., finance cost, Exceptional items & Tax expenses	345.63	(225.10)
Less :- depreciation	11.07	11.83
Profit/(loss) before finance and exceptional items	345.63	(225.10)
Less: - Finance cost	76.98	118.35
Profit (loss) before Exceptional Items and Tax expenses	345.63	(225.10)
Less: - Tax Expenses (current & deferred)		
Profit/(loss) for the year	219.21	(339.32)
Total Comprehensive Income	215.48	(343.96)

### PUBLIC DEPOSITS

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

### PERFORMANCE

The Company did very well during financial year 2020-21 and recorded a growth of 25%. The growth was mainly possible as local competition was reduced due to COVID related issues. The company also turned corner and posted profit of Rs.2.00 Crs. This turnaround was a result of closing the tannery which was contributing losses to the company, tweaking the purchase policy for raw-material. The Company also resorted outsourcing part of production at a lower cost. All these contributed the Company's profitability.

### FUTURE PROSPECTS

Due to continued COVID pandemic there could be reduction in sales. However the Company is putting efforts to increase the sales by tapping new market & new customers. The Company has initiated several cost cutting measures and continues to do so. These measures have already resulting in Company making good profit last year and will help in maintaining the profitability.

### 2.EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS:

There were no material changes and commitments which occurred affecting the financial position of the Company between March 31, 2021 and the date on which this report has been signed.

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

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

### 4.CHANGE IN NATURE OF BUSINESS:

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

### 5. DIVIDEND

As the Company has not fully recovered from the financial distress it is not able to declare dividend.

### 6. CHANGE IN SHARE CAPITAL

#### Disclosure regarding Issue of Equity Shares with Differential Rights

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

#### Disclosure regarding issue of Employee Stock Options:

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

#### Disclosure regarding issue of Sweat Equity Shares:

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

### 7. CAPITAL EXPENDITURE

As on 31st March, 2021, the gross tangible and intangible assets stood at Rs.357.13 Lakhs and the net tangible and intangible assets, at Rs.333.02 Lakhs. The Company has not purchased any assets under lease.

### 8. BOARD MEETINGS:

Board Meeting and Attendance of each Director at the Board Meetings and the last Annual General Meeting :

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

During the financial year 2020-21 10 meetings of the Board of Directors were as under:

One Board meetings during April 2020 viz. 04/05/2020, and remaining nine meetings on 11/05/2020,12/06/2020,20/08/2020,29/08/2020, 11/09/2020,22/09/2020,02/12/2020,15/12/2020 & 09/02/2021 respectively. The gap between two board meetings did not exceed four months.

### DETAILS OF DIRECTORS:

Sl. No.	Name	DIN	Category	Designation
1.	Mr. K. Vinod Bhat	02359812	Executive	Managing Director
2.	Mr. E.N. Veeranna	00920219	Executive	Whole Time Director & CFO
3.	Mr. K. Vikas Bhat	00939715	Non-Executive	Director
4.	*Mr. K. Madana Bhat	09061239	Non-Executive	Additional Director
5.	Mrs. Geetha Santhana Gopalan	06602023	Independent	Independent Director
6.	Mr. G.P. Roy	06487847	Independent	Independent Director

\*Note: Mr. K. Madana Bhat was appointed as Additional Director during the financial year 2020-21

#### Name of Director retiring by rotation at this AGM :

Mr. K. Vikas Bhat (DIN: 00939715) who retires by rotation, being eligible offer himself for re-appointment.





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>	10	9	Yes
Mr. E.N. Veeranna <i>Whole Time Director &amp; CFO</i>	10	10	Yes
Mr. K. Vikas Bhat <i>Director</i>	10	10	No
Mr. K. Madana Bhat <i>Additional Director</i>	10	*01	*NA
Mrs. Geetha Santhanagopalan <i>Independent Director</i>	10	10	No
Mr. G.P. Roy <i>Independent Director</i>	10	01	No

\* Note: Mr. K. Madana Bhat was appointed as Additional Director w.e.f. 09/02/2021

#### 9. DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:

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

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

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

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

#### The Audit Committee comprises of :

- G.P. Roy (Chairman of the Committee) (DIN : 06487847)
- Mrs. Geetha Santhanagopalan (DIN : 06602023)
- K. Vikas Bhat (DIN : 00939715)

#### 11. NOMINATION AND REMUNERATION COMMITTEE:

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

#### The Nomination and Remuneration Committee comprises of:

- Mrs. Geetha Santhanagopalan  
(Chairman of the Committee) (DIN : 06602023)
- G.P. Roy (DIN : 06487847)
- K. Vikas Bhat (DIN : 00939715)

#### The Grievance Committee comprises of :

- G.P. Roy (Chairman of the Committee) (DIN : 06487847)
- Mrs. Geetha Santhanagopalan (DIN : 06602023)
- K. Vikas Bhat (DIN : 00939715)

#### 12.VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Company has established an effective vigil mechanism (for directors and employees to report genuine concerns) pursuant to the provisions of Section 177(9) & (10) of the Companies Act, 2013 and as per Regulations 22 of SEBI (LODR) Regulations 2015 which is available on website of the Company and there were no cases reported during the last period.

#### 13. CORPORATE GOVERNANCE

The company has complied with certain requirements as per the Security Exchange Board of India (SEBI) guidelines for Corporate Governance. Certificate obtained from Mr. K. Narendra, Practicing Company Secretary on non-disqualification of Director from SEBI/ MCA - is attached (Annexure-3).

#### 14. DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 15. EXTRACT OF ANNUAL RETURN:

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

The web address pertaining to Annual Report referred in Sub Section 3 of Sec 92 is Website: [www.namasteexports.net](http://www.namasteexports.net) and Web Link is: [http://www.namasteexports.net/investors\\_desk.php](http://www.namasteexports.net/investors_desk.php)

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

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

#### 17. STATUTORY AUDITORS

The Statutory Auditors Mr. Ajay Venkatesh Hande, proprietor of M/s. Hande and associates, Chartered Accountant, (Firm Registration No. 019140S) has been appointed for period of 5 years from the date of 32nd AGM till conclusion of 37th AGM in accordance with the regulations specified in the Companies Act, 2013 and ratification of their appointment is not required as per the amended provisions of the Companies Act 2013.

Your Company has not appointed any internal auditors.

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

The Statutory Auditor's of the Company M/s. Hande and associates, Chartered Accountant, Bangalore have given their Audit Report for the year ended 31st March, 2021 with certain emphasis of matter, on which the Directors of the Company clarify as follows.

**Observations made in the Report :**

Qualification by the auditor	Explanation by the Board
The Company has paid Rs. 2,05,12,000/- to Industrial Development Bank of India, on 19/09/2016 to buy back 20,51,200 equity shares of Re. 1/- each of the Company. The buyback of shares was done even though Company did not have reserves or security premium or not raised further equity to fund the buy back as required under the provisions of section 68 of the Companies Act, 2013, read with Rule 17 of Companies (Share Certificate & Debentures) Rules, 2014. The Company has not obtained necessary approvals / made filings under 68 of the Companies Act, 2013 read with Companies (Share Certificate & Debentures) Rules, 2014 Securities Exchange Board of India, Stock Exchange (refer note no 14(i)).	The buy-back of shares have been effected as per scheme approved by the BIFR. Buy-back was an obligation and the Company had to comply with it. Further Sec 32 (1) of SICA Act overrides this provision of Company Act.
As detailed in Note No 14(j) A the Company has not filed required documents with Registrar of Companies, Karnataka, Bangalore, regarding increase in authorized capital, paid up capital, reduction in the face value of paid up capital and other documents relating to amalgamation / restructuring for a substantial period.	The order of BIFR have attained finality. The ROC has filed appeal in the Karnataka High Court regarding BIFR order. We are hopeful of getting favourable judgement from the High Court.
As referred in note 7 advance of Rs. 1,83,76,956 is due for substantial period from a firm in which relatives of a director are interested. As per the documents produced before us, the Company has neither taken steps to register the property nor taken steps to recover the said dues.	The company would complete the registration formalities at the earliest.
Emphasis of Matter	Explanation by the Board
a. Note No 24 (j) to the financial statements, relating to delisting of the shares of the Company. As per the notification of BSE, the Company, directors and promoters have got certain obligations as detailed in the said note. Non fulfilling of the said obligations may result in consequential liabilities which are not ascertainable.	The Company and the Promoters are aware of the obligations and have taken suitable steps as purported in the SEBI guidelines.

**18. SECRETARIAL AUDIT REPORT**

Not applicable

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

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

**(A). CONSERVATION OF ENERGY**

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

**(B) Technology Absorption**

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

**(C) Research and Development (R & D)**

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

**(D) Foreign Exchange Earnings and Outgo**

Activities relating to exports Initiatives taken to increase exports, Development of new export markets for products and services Export plans	Not Applicable
Total Exchange used (Cash basis)	As on 31 <sup>st</sup> March 2021: Rs. 35.53 Lakhs
Total Foreign Exchange Earned (Accrual Basis)	As on 31 <sup>st</sup> March 2021: Rs. 3257.46 Lakhs

**20. RATIO OF REMUNERATION TO EACH DIRECTOR**

The Company had 390 employees as on 31st March, 2021. Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5 (1) (2) (3) of the Companies (Appointment and Remuneration) Rules, 2014, details/disclosures of Ratio of Remuneration to each Director to the median employee's remuneration is annexed to this report as **Annexure 2**

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

**21. DEPOSITS**

Your Company has not invited/accepted/renewed any deposits from public as defined under the provisions of Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014 and accordingly, there were no deposits which were due for repayment on or before 31st March, 2021.

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

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

**23. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY:**

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

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

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

**25. RISK MANAGEMENT POLICY**

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

**26. CORPORATE SOCIAL RESPONSIBILITY**

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

**27. RELATED PARTY TRANSACTIONS (RPTs):**

Related Party Transactions were entered into during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is attached.

**28. ANNUAL BOARD EVALUATION**

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

**29. CREDIT RATING :** The Company enjoys i) Long Term Rating: CRISIL B-/Stable ii) Short Term rating: CRISIL A4 (Reaffirmed) given by CRISIL.



## 30. MANAGEMENT DISCUSSION AND ANALYSIS

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

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

## 31. EVENT BASED DISCLOSURE

There are no event based disclosures.

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

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

The following is a summary of sexual harassment complaints received and disposed off during the year 2020-21.

No of complaints received: NIL

No of complaints disposed off: NIL

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

There are no frauds

## 34. HUMAN RESOURCES & INDUSTRIAL RELATIONS

Employee relations at all levels continued to remain cordial.

## 35. COMPLIANCE WITH SECRETARIAL STANDARDS ISSUED BY ICSI

The company is in compliance with applicable secretarial standards issued by ICSI, New Delhi from time to time.

## 36. OTHER DISCLOSURES

i) **Reason for delay in holding the AGM :-** Company sought extension for holding AGM due to present covid condition in India. MCA has extended for conducting AGM before 30th November, 2021.

## 37. ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Sd /-

**(E.N. VEERANNA)**

WHOLE-TIME-DIRECTOR

(DIN : 00920219)

Bangalore-560 018

20th October, 2021

Sd /-

**K. VINOD BHAT)**

MANAGING DIRECTOR

(DIN : 02359812)

## Extract of the Annual Return MGT-9

## Annexure-1

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

### Registration and Other Details :-

CIN	: U85110KA1988PLC008988
Registration Date	: 21/03/1988
Name of the Company	: NAMASTE EXPORTS LIMITED
Category of the Company	: Company limited by shares
Address of the Registered Office & Contact Details	: 21/2, 'Namaste Complex', Vittal Nagar, Chamrajpet, Bangalore-560 018. Email : accounts@namasteexports.net Website : www.namasteexports.net
Whether Listed Company	: Unlisted
Name & Address and Contact Details of Registrar and Transfer Agent	: M/s. BgSE Financials Limited Stock Exchange Towers, 51, 1 <sup>st</sup> Cross, J.C. Road, Bangalore – 560 027 (Yet to be approved by competent authority)



## 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

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

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

### 1) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter</b>	0.00	40818600	40818600	29.73	0.00	40818600	40818600	29.73	NIL
1)Indian									
a)Individual/ HUF									
b)Central Govt									
c)State Govt(s)									
d)Bodies Corp									
e)Banks / FI									
f)Any Other (Promoters group)	13450	72433740	72447190	52.77	13450	72433740	72447190	52.77	NIL
Sub-total(A)(1):-	13450	113252340	113265790	82.50	13450	113252340	113265790	82.50	NIL
2)Foreign									
g)NRIs-Individuals									
h)Other-Individuals									
i)Bodies Corp.									
j)Banks / FI									
k)Any Other....									
Sub-total (A)(2):-	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NIL
Total Shareholding of Promoter and Promoter Group									
(A)= (A)(1)+(A)(2)	13450	113252340	113265790	82.50	13450	113252340	113265790	82.50	NIL
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0.00	33200	33200	0.02	0.00	33200	33200	0.02	NIL
b) Banks / FI	104500	5578050	5682550	4.13	104500	5578050	5682550	4.13	NIL
c) Central Govt	0.00	1000	1000	0.01	0.00	1000	1000	0.01	NIL
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	NIL
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)	104500	5612250	5716750	4.16	104500	5612250	5716750	4.16	NIL

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

## 2) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total shares of the company	% of Shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the company	% of Shares pledged/ encumbered to total shares	
1	K .NARAYAN BHAT	3092050	2.25	Nil	3092050	2.25	Nil	NA
2	MADURA N. BHAT	37726550	27.48	Nil	37726550	27.48	Nil	NA
	<b>TOTAL</b>	<b>40818600</b>	<b>29.73</b>	<b>NIL</b>	<b>40818600</b>	<b>29.73</b>	<b>NIL</b>	<b>NA</b>



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

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

There is no change in shareholding

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

	Shareholder's name	Shareholding at the beginning of the year (01.04.2020)		Shareholding at the end of the year (31.03.2021)	
		No. of shares	% of shares	No. of shares	% of shares
	For each of the Top Ten shareholders				
1	M V SRIDHAR RAO	4950650	3.61	4950650	3.61
2	VINUTHANA	3000000	2.19	3000000	2.19
3	D2B ENTERPRISES	330000	0.24	330000	0.24
4	DEEPCHAND MOONDRA	55700	0.04	55700	0.04
5	JAGADISH HEMRAJ K	33000	0.02	33000	0.02
6	M S SIVASUBRAMANIAN	21900	0.15	21900	0.15
7	NEERAJ BATRA	19200	0.01	19200	0.01
8	VINUTHA M	13450	0.01	13450	0.01
9	OMPRAKASH SETHI	13300	0.01	13300	0.01
10	SADASHIVA K	13100	0.01	13100	0.01

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

	Shareholder's name	Shareholding at the beginning of the year (01.04.2020)		Shareholding at the end of the year (31.03.2021)	
		No. of shares	% of shares	No. of shares	% of shares
	For each of the Directors and KMP				
1	K. Vinod Bhat, Managing Director	1538050	1.12	1538050	1.12
2	E.N. Veeranna, Whole-time-Director & CFO	----	----	----	----
3	K. Vikas Bhat Director	2037170	1.48	2037170	1.48
4	* K. Madana Bhat Additional Director	----	----	----	----
5	Smt. Geetha Santhanagopalan, Independent Director	----	----	----	----
6	G.P. Roy Independent Director	----	----	----	----

**Note:** Mr. K. Madana Bhat was appointed as Additional Director during financial year during 2020-21

## 5) INDEBTEDNESS:

(Rs. in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	Federal Bank Loan			
i) Principal Amount	726.11	—	—	726.11
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	726.11	—	—	726.11
<b>Change in Indebtedness during the financial year</b>				
Addition	—	—	—	—
Reduction	299.53	—	—	299.53
<b>Net Change</b>	299.53	—	—	299.53
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	426.59			426.59
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
<b>Total (i+ii+iii)</b>	426.59			426.59

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

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

### A) Remuneration to Managing Director, Whole-time-Directors and /or Manager for the year 2020-21: (Rs.)

	Particulars of Remuneration	Shri K. Vinod Bhat MD	Shri E.N. Veeranna WTD	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	20,25,000	14,35,000	34,60,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	---	---	---
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	---	---	---
2	Stock option			
3	Swet Equity	---	---	---
4	Commission - as % of profit	---	---	---
5	Others, please specify	---	---	---
	<b>Total (A)</b>	20,25,000	14,35,000	34,60,000
	Ceiling as per the Act 5%/ 10% of Net Profit calculated under the provisions of section 198 of the companies Act, 2013	---		---

### B) Remuneration to other directors for the year 2020-21 :

(Rs.)

	Particulars of Remuneration Director	K. Madana Bhat Additional Director	Smt. Geetha Santhanagopalan Independent Director	Shri G.P. Roy Independent Director	Total Amount
	Fee for attending board committee meeting	15,000	15,000	15,000	45,000
	Commission		---	---	---
	Others, please specify		---	---	---
	<b>Total</b>	15,000	15,000	15,000	45,000



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

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

**3. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :**

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

**Company's Policy on Directors Appointments and Remuneration :**

In compliance with the provisions of Section 178 of the Companies Act, 2013, read with SEBI (LODR) Regulations, 2015, the Nomination and Remuneration Committee of the Board of Directors have formulated the criteria for determining qualifications, positive attributes and independence of a director and also recommended to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees, which have been approved and adopted by the Board. The same is reproduced herein below :

**A. Criteria for appointing a Director**

- He should be a person of integrity with high ethical standards.
- He should be able to commit to his responsibilities and devote sufficient time and attention to his professional obligation as a Director.
- He should be having positive thinking, courtesy, humility.
- He should be knowledgeable and diligent in updating his knowledge.
- He should have qualifications, skills, experience and expertise by which the company can benefit.
- In respect of independent director, in addition to the above (a) to (g) he should fulfil the criteria for being appointed as an independent director prescribed under section 149 of the Companies Act, 2013 read with Schedule IV to the said Act and the provisions of regulation 17 of SEBI (LODR).
- In respect of Executive/Whole time Director / Managing Director, in addition to above (a) to (f) he should have strong quality of leadership and team monitoring, recognition, management skills, vision, ability to steer the organisation even in adverse conditions, innovative thinking, result oriented approach, ability to enhance reputation of the organisation.

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

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

**C. Policy on remuneration :**

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



**RATIO OF REMUNERATION**

Particulars			
i. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	K. Vinod Bhat, Managing Director	E.N. Veeranna, Whole-time- Director	K Madana Bhat, Additional Director
	17.53	12.42	10.64
ii. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	K. Vinod Bhat, Managing Director	E.N. Veeranna, Whole-time- Director	
	33.33	35.00	
iii. The percentage increase in the median remuneration of employees in the financial year;	5.72%		
iv. The number of permanent employees on the rolls of company;	390		
v. The explanation on the relationship between average increase in remuneration and company performance;	The increase in the remuneration was 1.43%. The factors considered at the time of salary revision are comparison with related Garment Industry		
vi. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	Remuneration Rs. 34.60 Lakhs. The Turnover of the Company is Rs. 36.84 Crs.		
vii. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	Not Applicable since shares have been delisted by NSE & BSE.		
viii. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average percentile increase in salaries of employees other than the managerial personnel in the FY 2019-20 is 21.31%. The average percentile increase in the remuneration of employees in management cadre in FY 2019-20 is 34.17%.		
ix. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	Remuneration Rs. 34.60 Lakhs. The Turnover of the Company is Rs. 36.84 Crs.		
x. The key parameters for any variable component of remuneration availed by the directors;	There is no variable component in the remuneration paid to the directors. The remuneration paid to the whole-time-directors are within the ceiling approved by the Central Government.		
xi. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	None of the employees of the Company, who are not directors, received remuneration in excess of the highest paid director during the year		
xii. Affirmation that the remuneration is as per the remuneration policy of the company.	Yes, it is confirmed		

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

i. Details of the of employees employed for full year or part of the year having remuneration of Rs.60 lacs p.a. where employed for the full year	NIL
ii. Details of the employees employed for the part of the year and having salary of not less than Rs.5 lacs per month. The details are provided in the following prescribed format. Name, Designation, remuneration received, nature of employment (contractual or otherwise), qualification, experience (in years), date of commencement of employment, age of employees (in years), last employment held before joining this company, % of equity shares held by the employee, whether such employee is a relative of any of the Director (answer in yes or no and if yes, names of Directors) :	NIL
iii. Details of the employees employed for the full year or part of the year was receipt of remuneration in that year which in the aggregate or as the case may be at a rate which in the aggregate, is in excess of that drawn by the managing director or whole time director or manager and holds by himself or along with his spouse and dependent children, not less than 2% of the equity shares of the Company :	NIL



## ANNEXURE TO THE BOARD'S REPORT REPORT ON CORPORATE GOVERNANCE

### ABRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

#### 1. BOARD OF DIRECTORS

- a. The Company currently has 6 (Six) Directors, comprise of 2 (Two) Whole-Time-Director, 2 (Two) Director and 2 (Two) Independent Directors. After due circulation of agenda and notes thereon, the Board of Directors have met at reasonable periods of intervals to transact business on various Board's functions, responsibilities and accountabilities. Compliances of various Laws and Regulations along with the Corporate Philosophy, goal, plans and strategies have been dealt at length by the Board at its various proceedings.

The details of the Directors' attendance at the Meetings of the Board of your Company during the financial year ended on 31st March 2021 are given below:

Sl. No.	Name	DIN	Category	Designation	No. of Board Meetings Held	No. of Board Meetings Attended	Attended Last AGM
1.	Mr. K. Vinod Bhat	02359812	Executive	Managing Director	10	9	Yes
2.	Mr. E.N. Veeranna	00920219	Executive	Whole Time Director & CFO	10	10	Yes
3.	Mr. K. Vikas Bhat	00939715	Non-Executive	Director	10	10	No
4.	* Mr. K. Madana Bhat	09061239	Non-Executive	Additional Director	10	*01	*NA
5.	Mrs. Geetha Santhana Gopalan	06602023	Independent	Independent Director	10	10	No
6.	Mr. G.P. Roy	06487847	Independent	Independent Director	10	01	No

\* **Note:** Mr. K. Madana Bhat was appointed as Additional Director w.e.f. from 09/02/2021

#### b. DETAILS OF BOARD MEETINGS HELD DURING THE YEAR

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

During the financial year 2020-21 10 meetings of the Board of Directors were as under:

One Board meeting during April 2020 viz. 25/04/2019, and remaining nine meetings on 11/05/2020, 12/06/2020, 20/08/2020, 29/08/2020, 11/09/2020, 22/09/2020, 02/12/2020, 15/12/2020 & 09/02/2021 respectively. The gap between two board meetings did not exceed four months. None of the Non-executive Directors has any material pecuniary relationship or transactions with the Company.

#### i) DISCLOSURE OF INTEREST BY DIRECTORS

Name of Director	No. of other listed entities he/she is director	No. of Directorship / chairperson in other companies	No. of membership on outside committee	Skills/expertise/competence
Mr. K. Vinod Bhat <i>Managing Director</i>	Nil	Nil	Nil	B.E. graduate having vast experience in leather industry and long association with the company
Mr. E.N. Veeranna <i>Whole - Time- Director &amp; CFO</i>	1	1	Nil	Post graduate. Well experienced in banking, Corporate Finance & Corporate affairs;
Mr. K. Vikas Bhat <i>Director</i>	Nil	1	Nil	Graduate and has vast experience in leather industry and long association with the company
Mr. K. Madana Bhat <i>Additional Director</i>	Nil	Nil	Nil	Long association with leather industry
Mrs. Geetha Santhanagopalan <i>Independent Director</i>	Nil	Nil	Nil	B.Com graduate having three decades of experience in Cost Accounting, Indian Financial Systems, Principles & practice of Auditing, Business Risk Management, Principles & practice of Banking & Insurance, Direct Taxation, Advance Taxation, International Financial Management.
Mr. G.P. Roy <i>Independent Director</i>	Nil	1	Nil	Mr. G.P. Roy is a mechanical engineer by education. He has experience in the following areas : Inventory Management 2) Short Term Revival of the companies and long association with the company

**Note:** Mr. K. Madana Bhat was appointed as Additional Director during financial year during 2020-21

#### ii) Disclosure of Relationship between the Directors, if any :

Mr. K. Vikas Bhat, Director is relative of Mr. K. Vinod Bhat; Mr. K. Madana Bhat, Additional Director is s/o. Mr. K. Vikas Bhat and relative of Mr. K. Vinod Bhat, Managing Director; E.N. Veeranna - Whole Time Director & CFO; Mrs. Geetha Santhanagopalan - Independent Director, Mr. G.P. Roy - Independent Director.

#### 2. AUDIT COMMITTEE

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

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

The Audit Committee is comprised of the following Directors:

- (i). G.P. Roy (Chairman of the Committee) (DIN : 06487847)
- (ii). Mrs. Geetha Santhanagopalan (DIN : 06602023)
- (iii). K. Vikas Bhat (DIN : 00939715)

The Audit Committee met 4 times during the year from 1st April 2020 to 31st March 2021 on 04/05/2020, 20/08/2020, 15/12/2020 and 09/02/2021

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

Sl. No.	Name	No. of Meetings attended during the year
1.	G.P. Roy, Chairman of the Committee	1
2.	Mrs. Geetha Santhanagopalan	4
3.	K. Vikas Bhat	4

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

### 3. NOMINATION AND REMUNERATION COMMITTEE

The functions of Remuneration Committee are as follows:

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

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

The Nomination and Remuneration Committee consists of the following Directors:

- (i). Mrs. Geetha Santhanagopalan (Chairman of the Committee ) (DIN : 06602023)
- (ii). G.P. Roy (DIN : 06487847)
- (iii). K. Vikas Bhat (DIN : 00939715)

The Committee met 2 times during the year 2020-21 viz on 30/12/2020 and 09/02/2021

Sl. No.	Name	No. of Meetings attended during the year
1.	Mrs. Geetha Santhanagopalan, Chairman of the Committee	02
2.	G.P. Roy	01
3.	K. Vikas Bhat	02

Details of Remuneration of all Directors:

Sl. No.	Name	Designation	Salary (in Rs.)	Sitting Fee (Rs.)
1.	Mr. K. Vinod Bhat	Managing Director	20,25,000	-----
2.	Mr. E.N. Veeranna	Whole Time Director & CFO	14,20,000	15,000
3.	Mr. K. Vikas Bhat	Director	NA	15,000
4.	* Mr. K. Madana Bhat	Additional Director	87,500	15,000
5.	Mrs. Geetha Santhanagopalan	Independent Director	NA	15,000
6.	Mr. G.P. Roy	Independent Director	NA	15,000

\* **Note:** Mr. K. Madana Bhat was appointed as Additional Director during financial year during 2020-21

#### Fee to Statutory Auditors (2020-21) :

Mr. Ajay Venkatesh Hande, Chartered Accountant appointed as Company's Statutory Auditor at 32nd AGM to hold the office from conclusion of 32nd AGM until conclusion of 37th AGM. The remuneration paid to the auditor is Rs. 2.00 lakhs for the year 2020-21

**4. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The functions of Stakeholders' Relationship Committee are as follows:

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

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

- (i). G.P. Roy (Chairman of the Committee) (DIN : 06487847)
- (ii). Mrs. Geetha Santhanagopalan (DIN : 06602023)
- (iii). K. Vikas Bhat (DIN : 00939715)

The Sub-Committee duly appointed by the aforesaid Committee met continuously to address the various issues relating to the investors, including non-receipt of Annual Reports, Dividend related issues, Change of addresses, transfers of shares, dematerialization and other related aspects. The Company has also continuously requisitioned the services of an independent Practicing Company Secretary to whenever required. No major grievance of any investor was pending as on 31st March 2021.

**5. INDEPENDENT DIRECTORS' MEETING**

During the year under review, the Independent Directors met on 09/02/2021, inter alia, to discuss:

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

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

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

**6. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS**

We are following Companies Act guidelines.

**7. PERFORMANCE EVALUATION**

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

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

**8. COMPLIANCE OFFICER AND ADDRESS FOR CORRESPONDENCE :**

Mr. Ravi Shankar H.S.  
Sr. Officer- Corporate  
Namaste Exports Ltd  
No. 21/2, Vittalnagar, Chamarajpet, Bangalore -560 018  
Tel : 91-80-26742252, Email : accounts@namasteexports.net

**9. DETAILS OF ANNUAL GENERAL MEETING (AGM)**

Year	Date	Time	Location
2017-2018	29th September, 2018	10.30 a.m.	G.T.R. Prince Palace, Lakshman Garden, 80 Feet Road, BSK 2nd Stage, Bangalore-560 070
2018-2019	11th November, 2019	10.30 a.m.	G.T.R. Prince Palace, Lakshman Garden, 80 Feet Road, BSK 2nd Stage, Bangalore-560 070
2019-2020	26th December, 2020	10.30 a.m.	G.T.R. Prince Palace, Lakshman Garden, 80 Feet Road, BSK 2nd Stage, Bangalore-560 070

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

2017-2018	Nil
2018-2019	Nil
2019-2020	Nil

## 10. MEANS OF COMMUNICATION

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

## 11. DISCLOSURES

### SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

## CODE OF CONDUCT

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

## CEO AND CFO CERTIFICATION

The Director of the Company have certified to the Board of Directors, inter alia, the accuracy of financial statements and adequacy of Internal Controls for the financial reporting purpose as required under SEBI Regulations 33 of SEBI (LODR) Regulations 2015, for the period ended 31st March, 2021

## COMPLIANCES

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

## 12. GENERAL SHAREHOLDERS' INFORMATION

The following information would be useful to the Shareholders:

- 1) Annual General Meeting Date and Time: 25th November, 2021 at 10.30 AM
- 2) Financial Year: 1st April 2020 to 31st March 2021
- 3) Book Closure Date: 25th November, 2021
- 4) **Depositories**  
National Securities Depository Limited (NSDL)  
Central Depository Services Limited (CDSL)  
Scrip Code: BSE-526059 ISIN: INE583A01017
- 5) **Registrars & Share Transfer Agents (Yet to be approved by NSDL & CDSL)**  
M/s. BgSE Financials Limited  
Stock Exchange Towers, 51, 1<sup>st</sup> Cross, J.C. Road, Bangalore – 560 027 (Yet to be approved by competent authority)  
Phone 080- 41329661 / 66673353 Email: avp\_rta@bfsi.co.in ; cs\_rta@bfsi.co.in
- 6) **Listing on Stock Exchanges :**  
Shares have been delisted by the NSE and BSE. Buy-back offer will be announced after completion of formalities.
- 7) **Dematerialisation of Shares as on 31.03.2021**  
As on 31st March 2021, 1.11% of the total equity capital of the company has been dematerialised. Investors holding physical share certificates are advised to convert their holding to Demat Form in view of the various advantages associated with Demat Holding.



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

9) **Distribution of Shareholding as at 31st March 2021**

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
UPTO 5000	11111	91.940	1684950	1684950	1.227
5000 - 10000	580	4.799	484180	484180	0.353
10000 - 20000	210	1.738	312890	312890	0.228
20000 - 30000	58	0.480	146010	146010	0.106
30000 - 40000	23	0.190	82310	82310	0.060
40000 - 50000	20	0.165	94800	94800	0.069
50000 - 100000	29	0.223	192550	192550	0.140
100000 AND ABOVE	56	0.463	134293540	134293540	97.817
	12087	100.00	137291230	137291230	100.00

10) **Categories of Shareholding as at 31st March 2019**

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

11) **Dematerialization of Shares and Liquidity as at 31st March 2021**

Control Report as on 31st March 2021

Description	No. of Holders	Shares	% to Equity
PHYSICAL	9300	135768615	98.89
NSDL	1930	744924	0.54
CDSL	857	777691	0.57
<b>TOTAL</b>	<b>12087</b>	<b>137291230</b>	<b>100.00</b>



Comparative Report as on 31st March 2021

Description	No. of Holders	Shares	% to Equity
PHYSICAL	9300	135768615	98.89
ELECTRONIC FORM	2787	1522615	1.11
<b>TOTAL</b>	<b>12087</b>	<b>137291230</b>	<b>100.00</b>

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

13) **Dematerialisation request from 1st April 2020 to 31st March 2021.**

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

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

14) **Postal Ballot**

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

15) **Report on Corporate Governance**

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

16) **Plant Locations**

The Company work location is at the premises of the Registered Office at Bangalore.

17) **Company's address for correspondence :-**

Registered Office : Namaste Complex, 21/2, Vittalnagar,

Chamarajpet, Bangalore - 560 018.

Telephone No. : 080-26742252 Email : accounts@namasteexports.net

18) **Appointment of RTA :** Your company has initiated action for appointment of M/s. BgSE Financials Limited Stock Exchange Towers, 51, 1<sup>st</sup> Cross, J.C. Road, Bangalore – 560 027 as Registered Transfer Agent (RTA) and the proposal is in progress.

19) **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: namastefiles.2020@gmail.com Shareholders are requested to note the email-id.

20) **Shareholders Email ID :**

Shareholders are requested to provide their email-id to our email-id namastefiles.2020@gmail.com which will enable us to provide corporate information in line with the guidelines issued by SEBI on corporate governance.

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

22) **Status of Investors:** Complaints received during the period 1st April 2020 to 31st March 2021- There are no pending complaints as on 31st March 2021.

## DISCLOSURES:

- There are no materially significant related party transactions entered into by the Company with its Promoters, Directors or Management, or relatives etc that may have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Other Notes to Financial Statements under Note No. 6(f) in the Annual Report.
- 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.
- A Certificate obtained from Mr. Narendra, practising Company Secretary, confirming Directors are not debarred or disqualified by SEBI / MCA is attached (Annexure-3).
- Presently, the Company does not have a Whistle Blower Policy, No personnel of the Company have been denied access to the Audit Committee.

**Declaration on Code of Conduct**

As required under Regulation 27 of SEBI (LODR) the declaration for code of conduct is given below.

To the members of Namaste Exports Limited.

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

For Namaste Exports Limited

Bangalore-560 018  
20th October, 2021

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

**ANNEXURE-3****NO DISQUALIFICATION CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE**

To,  
**The Members**  
**Namaste Exports Limited,**  
**Registered Office:** Namaste Complex, 21/2,  
Vittalnagar, Chamarajpet,  
Bangalore-560018

I have examined the relevant registers, records, forms and returns filed, notices, minutes books, other books and papers and disclosures received from the Directors of Namaste Exports Limited having CIN: U85110KA1988PLC008988 and having registered office Namaste Complex, 21/2, Vittalnagar, Chamarajpet, Bangalore-560018 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate. Though the Company has given information that the Company's shares delisted from BSE & NSE, following certificate is being furnished as best Corporate Practise.

In my opinion and to the best of my information and according to the verifications (including DIN status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company, its officers, I hereby certify for the Financial Year ended on 31st March 2021, that none of the Directors who were on the Board of the Company as per details herein below, has been debarred or disqualified from being appointed or continuing as Directors of the Company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other statutory authority.

The following Directors were on the Board of the Company during the financial year ended on 31st March, 2021:-

SL No.	Name of the Directors	DIN	Date of Appointment in the Company
1	KHANDIGE VINOD BHAT	02359812	30/10/2006
2	VEERANNA ESUVANAHALLI NARASIMHAIAH	00920219	01/03/2017
3	KHANDIGE VIKAS BHAT	00939715	30/10/2018
4	KHANDIGE MADANA BHAT	09061239	09/02/2021
5	GOURANGA PRASAD ROY	06487847	30/05/2015
6	GEETHA SANTHANAGOPALAN	06602023	30/10/2012

Khandige Madana Bhat was appointed as Additional Director w.e.f. 02/09/2021, vide SRN T10933893 dt.31/03/2021 filed with MCA.

Ensuring the eligibility of every Director on the Board for their appointment/continuity is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 20/10/2021  
Place: Bangalore

Sd/-  
**Mr. K Narendra, PCS**  
FCS No. 3319, C P No. 3067  
UDIN : F003319C001229931

**FORM NO. A0C-2**

**NAMASTE EXPORTS LIMITED**

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

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

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

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	ELITE Leather International Private Limited
b.	Name(s) of contracts / arrangements / transaction	Trade advances carried forward
c.	Duration of contracts / arrangements / transaction	NA
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	(Outstanding on 31-03-2021 Rs. 0.52 Lakhs)
e.	Date of approval (Renewal) by the Board	30-05-2015
f.	Amount paid as advances, if any	NIL

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

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	MNS Exports Private Limited
b.	Name(s) of contracts / arrangements / transaction	Trade advances carried forward
c.	Duration of contracts / arrangements / transaction	NA
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	(Outstanding on 31-03-2021 Rs. 1.85 Lakhs)
e.	Date of approval (Renewal) by the Board	30-05-2015
f.	Amount paid as advances, if any	NIL

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

Sl. No.	Particulars	Details
a.	Name(s) of the related party & nature of relationship	N.P. Properties Private Limited
b.	Name(s) of contracts / arrangements / transaction	Trade advances carried forward
c.	Duration of contracts / arrangements / transaction	NA
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	(Outstanding on 31-03-2021 Rs. 18.00 Lakhs)
e.	Date of approval (Renewal) by the Board	15-05-2015
f.	Amount paid as advances, if any	NIL

For Namaste Exports Limited

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

Place : Bangalore  
20th October, 2021



## CEO and CFO CERTIFICATION

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

**Dear members of the Board,**

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

1. I have reviewed the financial statements and Cash Flow Statement for the year ending 31st March, 2021
2. These Statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statements made in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. The financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for the periods presented in this report and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. There are no transactions entered into by the Company during the year that are fraudulent, illegal or violate the Company's Code of Conduct and Ethics, except as disclosed to the Company's auditors and the Company's Audit Committee of the Board of Directors.
5. I accept responsibility for establishing and maintaining internal controls reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or proposed to take to rectify these deficiencies.
6. I have indicated, to the Auditors and Audit Committee:
  - a. Significant changes in internal control over financial reporting during the year
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

For Namaste Exports Limited

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

Place : Bangalore  
20th October, 2021

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

### Qualified Opinion

We have audited the financial statements of **Namaste Exports Limited** ("the Company"), which comprise the balance sheet as at 31st March 2021, the statement of Profit and Loss, and Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements **subject to the effect of the matters described in the basis of qualified opinion paragraph**, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, profit for the year and its cash flows for the year.

### Basis of Opinion

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

*As detailed in Note No 14(j) the Company has not filed required documents with Registrar of Companies, Karnataka, Bangalore, regarding increase in authorized capital, paid up capital, reduction in the face value of paid up capital and other documents relating to amalgamation / restructuring for a substantial period.*

*As referred in note 7 advance of Rs. 1.83,76,956 is due for substantial period from a firm in which relatives of a director are interested. As per the documents produced before us, the Company has neither taken steps to register the property nor taken steps to recover the said dues.*

*Inventories lying with third parties amounting to Rs.48,81,864 Lakhs are subject to confirmation.*

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion there on. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibility of Management for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: • Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • Obtain an understanding of internal control relevant to the audit in order to design audit procedures that

are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. • Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. • Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. • Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Material Uncertainty Regarding Going Concern

Without qualifying our opinion, we draw attention that the Company has incurred continuous losses during last 4 years which will have an impact on the Company's ability to continue as a going concern. The Company has not made provision for advance of Rs. 183.76 lakhs as mentioned in basis of opinion above. However, based on the assurance by the management relating to the funding and adequate orders to sustain the continued operations, accounts are prepared on a going concern basis. This indicates material uncertainty exists over the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### Emphasis of Matter

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

### Report on Other Legal and Regulatory Requirements

The Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, is applicable to the Company for the year under review. Hence we have given a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss, dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, the same is not applicable to the Company for the year under review.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position in the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
- h. Report under section 197(16): In our opinion and according to the information and explanations given to, the remuneration paid during the current year by the Company to its directors is in accordance with the provisions of section 197 of the Act and is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

**For Hande & Associates,**  
Chartered Accountants,  
Registration No: 019140S

**Ajay V Hande**  
Proprietor  
Membership No. : 244781

Bangalore, dated 28<sup>th</sup> September 2021  
UDIN: 21244781AAAAEK4671

**ANNEXURE - A TO THE AUDITOR'S REPORT**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2021, we report that:

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- b. The fixed assets of the Company have been verified by the management during the year. No material discrepancies were noticed on such verification and the same have been properly dealt with in the books of account. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and nature of its business;
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deed of immovable properties are held in the name of the Company except for one free hold land with gross value amounting to Rs. 294.80 Lakhs. The title deeds of this property is in the name of Success Apparels Private Limited (SAPL) which was amalgamated with the Company with effect from 1st April 2012 as per the order of the BIFR and SAPL was wound up without any further act. However, the title deeds of the immovable property held by SAPL is yet to be transferred to the name of the Company.
- ii. Inventories other than those lying with third parties amounting to Rs.48,81,864 have been physically verified during the year by the management. In our opinion, the frequency of verification was reasonable. The discrepancies between the physical stocks and the book records, where applicable, as noticed on physical verification were not material and have been properly dealt with in the books of account;
- iii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in pursuance of the scheme of amalgamation approved by the Board of Industrial and Financial Reconstruction (BIFR) dated 20th December 2013, the balance of interest free unsecured capital advance to a party listed in the register maintained under section 189 of the Companies Act, 2013 has been included and grouped in the books of the Company. This advance is in the nature of unsecured loan to a party covered in the register maintained under section 189 of the Companies Act, 2013.
  - a. We are not able to express an opinion as to whether the terms and conditions of the advance referred to above, are prima facie prejudicial to the interest of the Company.
  - b. We have been informed that pending completion of legal formalities, the terms and conditions of repayment of principal has not been stipulated. We are not able to express an opinion as to whether repayments are regular.
  - c. We are able to express an opinion as to whether any amount is overdue and whether reasonable steps have been taken by the Company for recovery of principal.
- iv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, investments, guarantees, and securities to parties covered under section 185 and 186 of the Companies Act, 2013 except **advance of Rs. 1.83,76,956 (refer note no 7) is due for substantial period from a firm in which relatives of a director are interested. As per the documents produced before us, the Company has neither taken steps to register the property nor taken steps to recover the said dues.**
- v. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted any deposits and hence the requirement of clause 3(v) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- vi. We have been informed that maintenance of books of accounts pursuant to the rules made by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 for maintenance of Cost records in respect of products of the Company are not applicable to the Company for the year under review and hence the requirement of clause 3 (vi) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- vii. a. The Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable. There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
  - b. According to the information and explanation given to us, there are no amounts of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited with the relevant authorities on account of any dispute.
- viii. In our opinion and according to the information and explanations given to us, as per the amendment / modifications in the rehabilitation scheme sanctioned by the Board of Industrial and Financial Reconstruction on August 23, 2005, the Company has not defaulted in repayment of dues to banks, financial institutions, government or debenture holders.
- ix. In our opinion and according to the information and explanations given to us, during the year the Company did not raise any money by way of initial public offer, or further public offer (including debt instruments) or term loans. Accordingly, clause 3 (ix) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- x. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi. According to the information and explanations given to us and based on our examination of records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Act.
- xii. In our opinion and according to the information and explanation given to us, the Company is not a nidhi Company. Accordingly, clause 3 (xii) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly paid debentures during the year.
- xv. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into any non cash transactions with directors or persons connected with him. Accordingly, clause 3 (xv) of Companies (Auditor's Report) Order, 2016 is not applicable to the Company during the year under review.
- xvi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Hande & Associates,**  
Chartered Accountants,  
Registration No: 019140S

**Ajay V Hande**  
Proprietor  
Membership No. : 244781

Bangalore, dated 28<sup>th</sup> September 2021  
UDIN: 21244781AAAAEK4671



## **ANNEXURE - B TO THE AUDITOR'S REPORT**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Namaste Exports Limited ("the Company") as of 31st March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditors' Responsibility**

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

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

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Adverse Opinion**

According to the information and explanation given to us and based on our audit, the following material weakness has been identified as at 31st March 2021.

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

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

In our opinion, because of the effect of the material weakness/es described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2021, financial statements of the Company, and the same is reported under emphasis of matters in our audit report of even date.

**For Hande & Associates,**  
Chartered Accountants,  
Registration No: 019140S

**Ajay V Hande**  
Proprietor  
Membership No. : 244781

Place : Bangalore,  
Dated : 28th September 2021  
UDIN : 20244781AAAAAR8357

**BALANCE SHEET AS ON 31ST MARCH 2021**

Amount Rs. in Lakhs

Particulars	Note No.	31/03/2021	31/03/2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	2	576.27	516.18
Other Intangible Assets	3	-	0.29
Assets held for Sale	4	98.27	98.27
Financial Assets			
i) Investments	5	11.59	9.05
ii) Loans and Advances		-	-
iii) Other Financial Assets	6	19.58	24.51
Deffered Tax Assets		-	-
Other Non Current Assets	7	183.77	183.77
<b>Total Non Current Assets</b>		<b>889.48</b>	<b>832.07</b>
<b>Current Assets</b>			
Inventories	8	729.63	812.79
Financial Assets			
i) Trade Receivables	9	94.90	95.14
ii) Cash and Cash Equivalents	10	118.32	45.45
iii) Bank Balances Other Than (ii) above	11	154.67	342.64
iv) Loans and Advances	12	15.34	138.35
v) Other Financial Assets		12.00	18.08
Current Tax Assets		3.15	7.12
Other Current Assets	13	178.25	171.04
<b>Total Current Assets</b>		<b>1,306.26</b>	<b>1,630.62</b>
<b>Total Assets</b>		<b>2,195.73</b>	<b>2,462.69</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
(a) Equity Share Capital	14	1,372.91	1,372.91
(b) Other Equity	15	(1,014.39)	(1,229.87)
<b>Equity attributable to owners</b>		<b>358.53</b>	<b>143.05</b>
<b>LIABILITIES</b>			
<b>Non - current liabilities</b>			
Financial Liabilities			
i) Borrowings	16	150.35	-
ii) Other Financial Liabilities			
Provisions	17	103.82	87.10
<b>Total Non Current Liabilities</b>		<b>254.17</b>	<b>87.10</b>
<b>Current Liabilities</b>			
Financial Liabilities			
i) Borrowings	18	276.24	726.11
ii) Trade Payable	19	738.63	1,187.81
iii) Other Financial Liabilities	20	250.74	197.27
Provisions	21	40.97	38.87
Other Current Liabilities	22	276.46	82.48
<b>Total Current Liabilities</b>		<b>1,583.04</b>	<b>2,232.54</b>
<b>Total Liabilities</b>		<b>1,837.21</b>	<b>2,319.64</b>
<b>Total Equity and Liabilities</b>		<b>2,195.73</b>	<b>2,462.69</b>

The accompanying notes to the financial statements

As per our attached report of even date

**For Hande & Associates,**  
Chartered Accountants,  
Firm Registration No: 019140S

For and on behalf of the Board

**Ajay V Hande**  
Proprietor  
Membership No. : 244781

Place : Bangalore,  
Dated : 28.09.2021

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

**K. VIKAS BHAT**  
Director  
(DIN : 00939715)

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

STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2021				Amount Rs. in LAKHS
Particulars	Note No.	For the Year ended 31-03-2021	For the Year ended 31-03-2020	
<b>Continuing operations</b>				
Revenue from operations	23	3,672.74	2,826.51	
Other income	24	11.34	61.21	
<b>Total Income</b>		<b>3,684.07</b>	<b>2,887.73</b>	
<b>Expenses</b>				
Cost of materials consumed	25	2,079.30	1,934.30	
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress	26	(33.85)	(106.76)	
Employee benefits expense	27	832.25	815.17	
Financial costs	28	76.98	118.35	
Depreciation and amortization expense	29	11.07	11.83	
Other expenses	30	372.70	339.94	
<b>Total Expenses</b>		<b>3,338.45</b>	<b>3,112.83</b>	
<b>Profit / (Loss) before exceptional items and tax</b>		<b>345.63</b>	<b>(225.10)</b>	
<b>Exceptional Items</b>				
<b>Profit / (Loss) before tax</b>		<b>345.63</b>	<b>(225.10)</b>	
Income tax Expenses				
a) Income Tax		-	-	
b) Deferred Tax		-	-	
c) Tax expense relating to prior years		-	33.28	
<b>Total Tax Expenses</b>		<b>-</b>	<b>33.28</b>	
<b>Profit / (Loss) for the year from continuing operations</b>		<b>345.63</b>	<b>(258.38)</b>	
<b>Profit / (Loss) for the year from discontinuing operations</b>		<b>(126.42)</b>	<b>(80.94)</b>	
<b>Tax Expense on discontinued operations</b>				
<b>Profit / (Loss) for the year</b>		<b>219.21</b>	<b>(339.32)</b>	
<b>Other Comprehensive Income</b>	31			
Items that will not be classified to the Profit & Loss Account				
Re-measurement Loss on defined benefit plan		(6.27)	(4.73)	
Re-measurement of investments		2.54	0.09	
<b>Total Comprehensive Income</b>		<b>215.48</b>	<b>(343.96)</b>	
<b>Earnings per equity share (For continuing operation)</b>				
<b>Basic &amp; Diluted</b>		<b>0.25</b>	<b>(0.19)</b>	
<b>Earnings per equity share (For discontinued operation)</b>				
<b>Basic &amp; Diluted</b>		<b>(0.09)</b>	<b>(0.06)</b>	
<b>Earnings per equity share (For discontinued &amp; continuing operation)</b>				
<b>Basic &amp; Diluted</b>		<b>0.16</b>	<b>(0.25)</b>	
See accompanying notes to the financial statements				
As per our attached report of even date				
<b>For Hande &amp; Associates,</b> Chartered Accountants, Firm Registration No: 019140S		For and on behalf of the Board		
<b>Ajay V Hande</b> Proprietor Membership No. : 244781		<b>K. VINOD BHAT</b> Managing Director (DIN : 02359812)	<b>K. VIKAS BHAT</b> Director (DIN : 00939715)	<b>E.N. VEERANNA</b> Director-Finance (DIN : 00920219)
Place : Bangalore, Dated : 28.09.2021				

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021**

Amounts Rs. in Lakhs

Particulars	31-03-2021 Rs.	31-03-2020 Rs.
<b>A. Cashflow from operating activities</b>		
Net profit before tax and extraordinary items	215.48	(310.68)
Adjustments for:		
Depreciation(net)	15.07	36.80
Adjustment for remeasurement of investments/ retirement benefits	(2.54)	(0.09)
Dividend Income	(0.11)	-
Interest income	(8.71)	(31.51)
Interest expenditure	61.97	112.31
Loss/(profit)on discard/Sale of fixed assets	58.46	28.08
<b>Operating profit/(Loss)before working capital changes</b>	<b>339.62</b>	<b>(165.09)</b>
Adjustments for changes in :		
Decrease / (increase) in inventories	83.16	(268.28)
Decrease / (increase) in trade receivables	0.25	49.82
Decrease / (increase) in other assets	314.79	4.76
(Decrease) / increase in trade payables	(449.18)	286.68
(Decrease) / increase in other liabilities	247.45	13.58
(Decrease) / increase in provisions	18.825	2.84
Cash generated from operations	554.91	(75.70)
Income tax paid(net)	3.98	2.98
<b>Net cashflow from operating activities</b>	<b>558.89</b>	<b>(72.71)</b>
Extraordinary Items		
<b>Net Cash Flow from/(used in) Operating Activities</b>	<b>558.89</b>	<b>(72.71)</b>
<b>B. Cashflow from investing activities</b>		
Purchase of Fixed Assets	(145.33)	(3.15)
Proceeds from Sale of Fixed Assets	11.99	65.31
Dividend Income	0.11	-
Interest received	8.71	31.51
Net cash used in investing activities	(124.52)	93.67
<b>C. Cashflow from Financing activities</b>		
Increase in borrowings	(449.87)	7.95
Increase in Long term borrowings	150.35	-
Buy back of shares	-	-
Interest & Financial charges	(61.97)	(112.31)
<b>Net cash used in Financing activities</b>	<b>(361.50)</b>	<b>(104.36)</b>
<b>Net increase/(Decrease)in Cash &amp; Cash equivalents(A+B+C)</b>	<b>72.87</b>	<b>(83.40)</b>
Cash & Cash equivalents		
Opening balance	45.45	128.86
Closing balance	118.32	45.45
<b>Net increase/Decrease in cash and cash equivalents</b>	<b>72.87</b>	<b>(83.40)</b>

See accompanying notes to the financial statements

As per our attached report of even date

**For Hande & Associates,**  
Chartered Accountants,  
Firm Registration No: 019140S

For and on behalf of the Board

**Ajay V Hande**  
Proprietor  
Membership No. : 244781

Place : Bangalore,  
Dated : 28.09.2021

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

**K. VIKAS BHAT**  
Director  
(DIN : 00939715)

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

**STATEMENT OF CHANGES IN EQUITY**
**Amounts in INR**
**A) Equity Share Capital**

Equity shares of INR 1/- each issued, subscribed and fully paid	Number	Amount
Balance at March 31, 2019	13,72,91,230	13,72,91,230
Changes in equity share capital during the year	-	-
<b>Balance at March 31, 2020</b>	<b>13,72,91,230</b>	<b>13,72,91,230</b>
Changes in equity share capital during the year	-	-
<b>Balance at March 31, 2021</b>	<b>13,72,91,230</b>	<b>13,72,91,230</b>

**B) Other equity**
**Amounts in INR**

Particulars	Other Reserves (Capital Redemption Reserve)	Retained Earnings	Other Comprehensive Income (OCI)	Total
<b>Balance as at March 31, 2018</b>	<b>20,51,200</b>	<b>(6,12,81,649)</b>	<b>8,19,581</b>	<b>(5,84,10,868)</b>
Profit for the year/Additions during the Year	-	(3,11,62,132)		(3,11,62,132)
Re-Measurement of gains /(losses) on defined benefit plans, net of tax			10,75,015	10,75,015
Net /(Loss) gain on Investment in equity shares /units accounted at fair value, net of tax			(92,450)	(92,450)
<b>Balance at March 31, 2019</b>	<b>20,51,200</b>	<b>(9,24,43,781)</b>	<b>18,02,146</b>	<b>(8,85,90,435)</b>
Profit for the year/Additions during the Year	-	(3,39,31,910)		(3,39,31,910)
Re-Measurement of gains /(losses) on defined benefit plans, net of tax			(4,73,402)	(4,73,402)
Net /(Loss) gain on Investment in equity shares /units accounted at fair value, net of tax			9,241	9,241
<b>Balance at March 31, 2020</b>	<b>20,51,200</b>	<b>(12,63,75,691)</b>	<b>13,37,985</b>	<b>(12,29,86,506)</b>
Profit for the year/Additions during the Year	-	2,19,20,806		2,19,20,806
Re-Measurement of gains /(losses) on defined benefit plans, net of tax			(6,27,158)	(6,27,158)
Net /(Loss) gain on Investment in equity shares /units accounted at fair value, net of tax			2,54,227	2,54,227
<b>Balance at March 31, 2021</b>	<b>20,51,200</b>	<b>(10,44,54,885)</b>	<b>9,65,054</b>	<b>(10,14,38,631)</b>

See accompanying notes to the financial statements

As per our attached report of even date

**For Hande & Associates,**  
Chartered Accountants,  
Firm Registration No: 019140S

For and on behalf of the Board

**Ajay V Hande**  
Proprietor  
Membership No. : 244781

Place : Bangalore,  
Dated : 28.09.2021

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

**K. VIKAS BHAT**  
Director  
(DIN : 00939715)

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



**NAMASTE EXPORTS LIMITED**

**Notes forming part of the Financial Statements for the year ended March 31, 2021**

**1. Corporate Information:**

NAMASTE EXPORTS LIMITED ('the Company') is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is situated in Bangalore India.

The Company is primarily engaged in the business of manufacture of leather garments. The financial statements are prepared in Indian Rupees.

**2. Significant Accounting Policies:**

**a. Basis for preparation of financial statements:**

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as Ind AS) as notified by the Ministry of Corporate Affairs, pursuant to Section 133 of the Companies Act, 2013, read with the Companies (Indian Accounting Standards) Rules, 2015.

The accounting policies are applied consistently to all the periods presented in the financial statements.

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

**b. Uses of Estimates and Judgements:**

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

**c. Revenue Recognition:**

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

- 1. Sale of Products:** Revenue is recognised at the time of transfer of property in goods, which results in or coincides with the transfer of significant risks and rewards to the customers and is generally at the point of dispatch of goods to the customers and no significant uncertainty exist regarding the amount of consideration towards such sale. Revenue is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sale values of products and of services are recognized as per the customs and trade practices and are exclusive of taxes, trade and quantity discounts.
- 2. Sale of Services:** Revenue from service contracts are recognized as per the contractual terms as and when the services are rendered and an unconditional right to receive such income is established. No further obligations remains and the collection is probable.
- 3. Interest Income:** Interest Income is recognized on a time proportionate basis taking into account effective rate of interest.
- 4. Dividend Income:** Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.
- 5. Export Benefits:** Export entitlements in the form of Merchandise Export from India (MEIS) and Duty Entitlement Pass Book / draw back (DEPB) are recognized in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of exports made and when there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**d. Income Taxes:**

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

Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities for timing differences between taxable and accounting income shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

**e. Property, Plant and Equipment:**

Property, Plant & Equipment and intangible assets are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalised includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction / installation stage. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, Plant & Equipment is charged based on straight line method based on management's estimated useful lives prescribed in Schedule II to the Companies Act, 2013.

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

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

Right-of-use assets are depreciated over the term of lease on straight line basis.

**f. Provisions:**

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions excluding retirement benefits are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.



**g. Leases:**

**Company as a lessee**

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate standalone price of the non-lease components. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straightline method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss. The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss. The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

**h. Foreign Currency Transactions:**

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

**i. Financial Instruments:**

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

**j. Employee Benefits:**

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

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

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

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

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

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

- **Raw Materials:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of all raw materials except accessories are valued on First in First out (FIFO) basis. Accessories are valued on weighted average basis.
- **Finished Goods and Work-in-progress:** Cost includes cost of direct materials and labour and a proportion of manufacturing overheads.

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

**n. Discontinued Operations:**

(i) Assets are classified as "assets included in disposal group held for sale" when the appropriate level of the Company's management is committed to a plan to sell the asset and an active plan to locate the buyer and complete the plan is initiated and the sale is highly probable and expected to complete within one year of such classification. The carrying amount of these assets will be principally recovered through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

(ii) Liabilities of disposal group are classified as "liabilities included in disposal groups(s) held for sale"

(iii) Profit and loss from discontinued operations are separately disclosed in the Statement of Profit and loss.



## 24. Other Notes to the financial statements

### a. Fair Value Measurement:

- The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
- The following methods and assumptions were used to estimate the fair values:

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

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

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

### iii. Analysis of fair value measurement

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

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

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

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

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

### iv. Financial instruments by category:

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

Rs. in Lakhs

Particulars	As at March 31, 2021		As at March 31, 2020	
	Fair Value through P & L	Amortised Cost	Fair Value through P & L	Amortised Cost
<b>Non-Current Assets</b>				
Investments	11.59		9.05	
Other Financial Assets		19.58		24.51
Other Non-Current assets		183.77		183.77
<b>Current Assets</b>				
Inventories		729.63		812.79
Trade Receivables		94.90		95.14
Cash and Cash Equivalents		118.32		45.45
Other Balances with Banks		154.95		365.06
Loans and Advances		15.06		115.93
Other Financial Assets		12.00		18.09
Tax Assets		3.15		7.12
Other Current Assets		178.25		171.04
<b>Total</b>	<b>9.05</b>	<b>1,509.61</b>	<b>9.05</b>	<b>1,838.91</b>
<b>Non-Current liabilities</b>				
Borrowings		150.35		
Provisions		103.82		87.10
<b>Current Liabilities</b>				
Borrowings		276.24		726.11
Trade Payables		738.63		1,187.81
Other Financial Liabilities		241.52		197.00
Provisions		40.97		38.87
Other Current Liabilities		276.46		82.48
<b>Total</b>		<b>1,827.99</b>	<b>-</b>	<b>2,319.37</b>

## b. Financial Risk Management:

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

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

### Risk Management Framework:

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

#### 1. Market Risk:

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

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

**Sensitivity analysis:** Every 1% appreciation or depreciation of the respective foreign currencies compared to functional currency of the Company would cause the profit before exceptional items in proportion to revenue to increase or decrease respectively by 7.22% (March 31, 2019: 7.24%).

#### 2. Interest Rate Risk:

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

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

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	1 % increase	1 % decrease	1 % increase	1 % decrease
Effect of profit before exceptional items and tax expense	-1.95%	1.95%	-0.19%	0.19%

#### 3. Foreign Currency Risk:

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

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

Currency	31 March 2021	31 March 2020
<b>Trade Receivables</b>		
USD	-	60.55
Euro	24.88	2.93
<b>Trade Payables</b>		
USD	-	Nil
Euro	-	38.70



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

(Rs. in Lakhs)  
Impact on Profit

	31 March 2021	31 March 2020
Reported profit before tax and Other Comprehensive Income	219.21	(306.21)
IND/Foreign Currency increases by 5%	161.10	124.18
Adjusted Profit before tax and Other Comprehensive Income	380.31	(182.03)
Reported profit before tax and Other Comprehensive Income	219.21	(306.21)
IND/USD decreases by 5%	161.10	124.18
Adjusted Profit before tax and Other Comprehensive Income	58.11	(430.40)

#### 4. Credit Risk

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

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

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

#### Ageing of Trade Receivables

(Rs. in Lakhs)

Particulars	31 March 2021	31 March 2020
0-3 Months	71.17	89.85
3-6 Months	19.53	Nil
6-12 Months	Nil	3.69
Beyond 12 Months	4.19	1.41
Total	94.90	94.97

#### 5. Liquidity Risk

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

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

Rs. in Lakhs

Particulars	31 March 2021	31 March 2020
Cash on Hand	5.88	4.03
Balances with Banks		
i) In Current Account	95.40	41.15
ii) In Deposits With maturity of less than Three months	Nil	Nil

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

Particulars	On Demand	0-180 Days	180-365 days	Total
<b>March 31, 2021</b>				
Borrowings – Current	276.24			276.24
Trade Payables	738.63			738.63
Other Financial Liabilities	241.52			241.52
<b>Total</b>	<b>1,256.39</b>			<b>1,256.39</b>
<b>March 31, 2020</b>				
Borrowings – Current	726.11			726.11
Trade Payables	1,187.81			1,187.81
Other Financial Liabilities	197.00			197.00
<b>Total</b>	<b>2,110.92</b>			<b>2,110.92</b>

**6. Impact of COVID-19:** The Company has considered the possible effects that may result from COVID-19 on the carrying amounts of financial assets, receivables, loans and advances, property plant and equipment, intangibles etc as well as liabilities accrued. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company has used internal and external information. Having reviewed the underlying data and based on current estimates, the Company does not expect any material impact on the carrying amount of these assets and liabilities. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions. The Company has also evaluated the impact of the same on the aforementioned risks i.e. credit risk, liquidity risk, market risk, currency risk and interest risk and does not foresee any material impact on account of the same.

**c. Capital Management:**

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

**d. Contingent Liabilities and Commitments:**

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

**e. Dues to Micro Small and medium Enterprises**

Based on the information available with the company, there are no suppliers who are registered as Micro, Small or Medium Enterprises under the "Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2021.

Sl.No.	Particulars	As at 31-03-2021	As at 31-03-2020
a	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;	500.22	858.70
b	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
c	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	9.22	46.59
d	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	55.81	46.59
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

**f. Related Party Transactions:**

i. List of Related Parties and Relationships:

Sl. No.	Name of the Related Party	Relationship
1	Mr. Vinod Bhat	Key Managerial Person.
2.	Mr. Vikas Bhat	Key Managerial Person.
3.	Mr. M Madana Bhat	Additional Director
4.	Mr. K Vishal Bhat	Relative of Key Managerial Person..
5.	Mrs. Madhura N Bhat	Relative of Key Managerial Person.
6.	Mr. E N Veeranna	Key Managerial Person.
7.	Elite Leather International Private Limited	Company in which director is interested
8.	MNS Exports Private Limited	Company in which director is interested
9.	N. P. Properties Private Limited	Company in which director is interested
10.	Thrive Leathers	Firm in which director is interested as partner



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

Amounts in Lakhs

Sl. No.	Name of the Transaction	March 31, 2021	March 31, 2020
1.	Remuneration to Key Managerial Personnel		
	Mr. Vinod Bhat	Rs. 20.25	Rs. 18.00
	Mr. Sripad Rao M	Rs. 2.74	Rs. 9.15
	Mr. E N Veeranna	Rs. 14.35	Rs. 12.21

i. Balances with related parties

Sl. No.	Nature of the Transaction	March 31, 2021	March 31, 2020
1.	(Receivable) / Payable to Key Managerial Personnel / Relatives		
	Mr. Vinod Bhat	0.61	
	Mr. Vikas Bhat	(0.35)	
	Mr. Sripad Rao M	-	0.49
	Mr. E N Veeranna	(0.11)	(0.20)
	Mrs. Madhura N Bhat	3.20	3.17
	Payment to Elite Leather International Private Limited	0.42	3.17
2.	Elite Leather International Private Limited	0.11	0.52
3.	MNS Exports Private Limited	1.85	1.85
4.	NP Properties Private Limited	18.00	18.00
5.	Thrive Leathers	(183.76)	(183.76)

g. Provisions

The Company has made provision for leave salary on basis of estimated basis. These being retirement benefits, an obligation to pay these amounts might arise at the time of resignation / superannuation of the employees. There is no reimbursement receivable against these obligations.

Amounts in lakhs

Nature of Obligation	The carrying amount at the beginning of the period	Additional provisions made during the year	Amounts incurred and charged against the provision during the period	Unused amounts reversed during the period	The carrying amount at the end of the period
Leave Salary	28.56	26.09	20.91		33.74
Previous year	37.52	7.54	16.49		28.56

h. Retirement Benefit Plans

Defined benefit plans

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

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as at March 31, 2021:

Rs. in Lakhs

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Asset and Liability (Balance Position)</b>		
Present Value of obligation	157.15	142.51
Fair Value of Plan Assets	46.10	45.10
Surplus / (Deficit)	(111.06)	(97.41)
Effects of asset ceiling		
Net Asset / (Liability)	(111.06)	(97.41)
<b>Expenses recognised during the year</b>		
In Income statement	30.38	27.04
In Other Comprehensive Income	6.27	4.73
Total Expenses recognised during the period	36.65	31.77
<b>Changes in Present Value of Obligation</b>		
Present Value of Obligation at the beginning	142.51	155.96
Current Service Cost	23.86	20.43
Interest Expense or Cost	9.54	12.03
Re-measurement (or Actuarial) (gain) / loss arising from:		
- change in demographic assumptions	-	0.01
- change in financial assumptions	(0.82)	13.73
- experience variance (i.e. Actual experience vs assumptions)	5.68	(12.08)
Benefits Paid	(23.61)	(47.58)
Present Value of Obligation as at the end	157.16	142.51

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Bifurcation of Net Liability</b>		
Current Liability / (Assets)	7.23	10.30
Non-Current Liability (Long term)	149.93	132.22
<b>Net Liability</b>	157.16	142.51
<b>Changes in Fair Value of plan assets</b>		
<b>Fair Value of Plan Assets as at the beginning</b>	45.10	70.35
Investment Income	3.02	5.43
Employer's Contribution	23.00	19.97
Benefits paid	23.62	(47.58)
Return on plan assets , excluding amount recognised in net interest expense	(1.41)	(3.07)
<b>Fair Value of Plan Assets as at the end</b>	46.10	45.11
<b>Change in the effect of asset ceiling</b>		
<b>Effect of Asset Ceiling at the beginning</b>		
Interest Expense or Cost (to the extent not recognised in net interest expense)		
Re-measurement (or Actuarial) (gain)/loss arising because of change in effect of asset ceiling		
<b>Effect of Asset Ceiling at the end</b>		
<b>Expenses recognised in the Income Statement</b>		
Current Service Cost	23.86	20.43
Net Interest Cost / (Income) on the Net Defined Benefit Liability / (Asset)	6.52	6.61
<b>Expenses Recognised in the Income Statement</b>	30.38	27.04
<b>Other Comprehensive Income</b>		
Actuarial (gains) / losses		
- change in demographic assumptions	-	0.01
- change in financial assumptions	(0.82)	13.73
- experience variance (i.e. Actual experience vs assumptions)	5.68	(12.08)
Return on plan assets, excluding amount recognised in net interest expense	1.40	3.07
Components of defined benefit costs recognised in other comprehensive income	6.27	4.73
<b>Major categories of Plan Assets (as percentage of Total Plan Assets)</b>		
Funds managed by Insurer	100%	100%
<b>Total</b>	100%	100%

**a. Actuarial Valuation Method:**

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

**b. Benefits Valued**

The benefit valued in this Report are summarised below:

Type of Plan	Defined Benefit
Employer's Contribution	100%
Employee's Contribution	Nil
Salary for calculation of gratuity	Last drawn salary
Normal age of retirement	58 years
Vesting period	5 years
Benefit on normal retirement	Same as per the provisions of the Payment of Gratuity Act, 1972 (as amended from time to time).
Benefit on early retirement / termination / resignation / withdrawal	Same as normal retirement benefit based on the service up to the date of exit.
Benefit on death in service	Same as normal retirement benefit and no vesting period condition applies.
Limit	Rs. 20,00,000/-
Gratuity Formula	15/26 * Last drawn basic salary + DA (if any) * Number of completed year



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

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

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

d. **Description of Risk Exposures**

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

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

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

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

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

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

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

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

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

**ACTUARIAL ASSUMPTIONS**

I. **Financial Assumptions:**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate (per annum)	6.75%	6.70%
Salary growth rate (per annum)	7.00%	7.00%

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

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

II. **Demographic Assumptions:**

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

Particulars	As at March 31, 2021	As at March 31, 2020
Mortality rate (% of IALM 06-08)	100%	100%
Normal retirement age	58 Years	58 Years
Attrition / Withdrawal rates, based on age: (per annum)		
Up to 30 years	3.00%	3.00%
31-44 years	2.00%	2.00%
Above 44 years	1.00%	1.00%

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

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

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

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

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

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



## c. Maturity Profile of Defined Benefit Obligation:

Weighted average duration (based on discounted cashflows)	11 Years
Expected cash flows over the next (valued on undiscounted basis):	
1 Year	7.23
2-5 Years	49.32
6-10 Years	60.88
More than 10 Years	254.52

## IV. Sensitivity Analysis

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

Particulars	As at March 31, 2021	As at March 31, 2020
Defined Benefit Obligation (Base)	157.15	142.51

Particulars	As at March 31, 2021		As at March 31, 2020	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	174.91	142.08	174.37	140.48
(% change compared to base due to sensitivity)	11.3%	-9.6%	11.8%	-9.9%
Salary Growth Rate (- / + 1%)	141.98	174.69	140.25	174.31
(% change compared to base due to sensitivity)	-9.7%	11.2%	-10.1%	11.8%
Attrition Rate (- / + 50% of attrition rates)	157.67	156.67	155.53	156.32
(% change compared to base due to sensitivity)	0.3%	-0.3%	-0.3%	0.2%
Mortality Rate (- / + 10% of mortality rates)	157.17	157.15	155.92	166.00
(% change compared to base due to sensitivity)	0.0%	0.0%	0.0%	0.0%

## V. Windup Liability / Discontinuance Liability

Particulars	As at March 31, 2021	As at March 31, 2020	Increase %
Discontinuance Liability	155.46	139.66	11%
Present value of obligation	157.16	142.51	10%
Ratio (Present value of obligation / Discontinuance liability)	101%	102%	-1%

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

### j. Delisting of Shares:

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

- The securities of these Companies would cease to be listed and not be available for trading on the platform of the exchange.
- Promoters of the delisted Companies will be required to purchase the shares from the public shareholders as per fair value determined by the independent valuer appointed by the Exchange.
- In terms of Regulation 24 of the Delisting Regulations, the delisted Company, its whole time directors, promoters and group companies shall be debarred from accessing the securities market for a period of 10 years from the date of compulsory delisting.

### k. Current Tax and Deferred Tax:

Income tax: In view of the losses, no provision for income tax has been made. As a conservative policy, the Company has not recognized deferred tax assets resulting on account of unabsorbed business losses and other benefits available under Income Tax.

- In order to resolve the Company's overdue creditors, the Company has ceased activities in its Chennai unit and has decided to sell a portion of its immovable property. The company intends to reduce its creditors. The Company is in the process of obtaining necessary required approvals.  
Pursuant to above, the Business undertakings is classified as per Ind AS 105 - "Non current Asset held for sale and discontinued operations". Accordingly the immovable property held for sale and corresponding previous year figures of Statement of Profit and Loss account have been restated accordingly.



## Profit / Loss from discontinued operations.

Rs. In Lakhs

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Revenue from operations	4.22	27.74
Other Income	11.78	25.98
Total	16.00	53.72
Cost of materials	-	8.38
Employee benefit expenses	10.19	24.29
Finance Cost	0.01	0.01
Depreciation and amortisation	4.01	25.13
Provision for impairment	-	35.60
Other expenses	128.21	41.26
Total	142.42	134.66
Profit / (Loss) before tax	(126.42)	(80.94)
Taxation	-	-
Profit / (Loss) after tax	(126.42)	(80.94)

## Assets held for sale

Rs. In Lakhs

Particulars	Year ended 31.03.2021	Year ended 31.03.2020
Land	98.23	98.23
Total	98.23	98.23

m. Figures of the previous year are re-grouped wherever necessary in conformity with the presentation of the Current Year. Figures in bracket relate to previous year.

## n. Recent accounting pronouncements:

There are no significant changes to Companies (Indian Accounting Standards) Rules 2015, which materially impacts the company.

## NOTES FORMING PART OF FINANCIAL STATEMENTS AS AT 31st MARCH 2021

## 2. Property, Plant and Equipment

Rs. in Lakhs

Particulars	Land	Factory Building	Plant & Machinery	Office Equipment	Computers & Printers	Vehicles	Electrical Installations	Furniture & Fixtures	Total
<b>Carrying Amount (Gross Block)</b>									
<b>Gross Block</b>									
Balance as at 31st March 2020	359.39	206.31	334.76	1503	14.67	79.51	14.64	3.23	1,027.54
Additions	135.48	-	-	-	-	985	-	-	145.33
Deductions/Adjustment	-	113.97	108.10	766	232	-	14.64	0.96	247.64
Transfer to Assets held for sale	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st March 2021</b>	<b>494.87</b>	<b>92.34</b>	<b>226.66</b>	<b>7.38</b>	<b>12.35</b>	<b>89.36</b>	<b>-</b>	<b>2.27</b>	<b>925.23</b>
<b>Accumulated Depreciation</b>									
Balance as at 31st March 2020	-	103	266	11	14	74	15	3	475.77
Additions	-	3	7	0	0	5	-	0	14.79
Deductions/Adjustment	-	44	75	7	2	-	15	1	143.44
<b>Balance as at 31st March 2021</b>	<b>-</b>	<b>62</b>	<b>187</b>	<b>5</b>	<b>12</b>	<b>79</b>	<b>-</b>	<b>2</b>	<b>347.11</b>
Provision for Impairment	-	-	0	1	0	-	-	0	185
<b>Net carrying amount as at 31st March 2021</b>	<b>495</b>	<b>31</b>	<b>39</b>	<b>1</b>	<b>0</b>	<b>11</b>	<b>-</b>	<b>0</b>	<b>576.27</b>
<b>Net carrying amount as at 31st March 2020</b>	<b>359</b>	<b>104</b>	<b>79</b>	<b>4</b>	<b>0</b>	<b>6</b>	<b>-</b>	<b>1</b>	<b>551.77</b>
<b>Assets relating to discontinuing operations</b>									
Accumulated depreciation relating to discontinuing operation	332.02	12.61	0.98	0.99	1.02	42.18	-	0.98	390.78
Provision for impairment relating to discontinuing operations	-	13	1	(0)	1	41	-	0	55.90
	-	-	0	1	0	-	-	0	1.85
<b>Net carrying amount as at 31st March 2021 relating to discontinuing operations</b>	<b>332</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>333.04</b>



**SCHEDULE - 3**

**Intangible**

**Amount Rs. in Lakhs**

Particulars	Software
Carrying Amount (Gross Block)	
<b>Gross Block</b>	-
Balance as at 31st March 2018	10.02
Additions	-
Deductions/ Adjustment	-
<b>Balance as at 31st March 2019</b>	10.02
<b>Accumulated Depreciation</b>	-
Balance as at 31st March 2018	8.34
Additions	1.25
Deductions/ Adjustment	-
<b>Balance as at 31st March 2019</b>	9.59
<b>Gross Block</b>	-
Balance as at 31st March 2019	10.02
Additions	-
Deductions/ Adjustment	-
<b>Balance as at 31st March 2020</b>	10.02
<b>Accumulated Depreciation</b>	-
Balance as at 31st March 2019	9.59
Additions	0.15
Deductions/ Adjustment	-
<b>Balance as at 31st March 2020</b>	9.74
<b>Gross Block</b>	-
Balance as at 31st March 2020	10.02
Additions	-
Deductions/ Adjustment	-
<b>Balance as at 31st March 2021</b>	10.02
<b>Accumulated Depreciation</b>	-
Balance as at 31st March 2020	9.74
Additions	0.29
Deductions/ Adjustment	-
<b>Balance as at 31st March 2021</b>	10.02
<b>Net carrying amount as at 31st March 2021</b>	-
<b>Net carrying amount as at 31st March 2020</b>	0.29
<b>Net carrying amount as at 31st March 2019</b>	0.44

**SCHEDULE - 4**

**Assets held for Sale**

**Amount Rs. in Lakhs**

Particulars	Land
Carrying amount	
<b>Gross Block</b>	-
Balance as at 31st March 2019	-
Additions	98.27
Deductions/ Adjustment	-
<b>Balance as at 31st March 2020</b>	98.27
Additions	-
Deductions/ Adjustment	-
<b>Balance as at 31st March 2021</b>	98.27

**NOTES FORMING PART OF FINANCIAL AS AT 31st MARCH 2021**
**Amount Rs. in Lakhs**

Particulars	Note Number		As at March 31, 2021		As at March 31, 2020
Financial assets					
Investment	5				
Quoted Equity Shares					
32091 (32091) Equity Shares of Encore Software Limited			-		-
2200 (2200) Equity Shares of Industrial Development Bank of India			0.85		0.42
<b>Total</b>			<b>0.85</b>		<b>0.42</b>
Unquoted Equity Shares					
100 Shares of Ranipet Leather Finishing Servicing Industrial Co-operative Society Ltd			0.10		0.10
2625 shares of TALCO-DINDIGUL TANNERS ENVIRO CONTROL SYSTEM PRIVATE LIMITED			2.63		2.63
<b>Total</b>			<b>2.73</b>		<b>2.73</b>
Investment in Government or trust securities					
Unquoted					
Government Securities (pledged with sales tax authorities)			0.16		0.16
<b>Total</b>			<b>0.16</b>		<b>0.16</b>
Quoted Mutual Funds					
10,000 (10,000) Units of SBI Magnum Comma Fund					
Dividend Mutual Fund			3.10		3.55
9121(9121) Units of Punjab National Bank Gilts			4.76		2.18
			7.86		5.74
<b>Total</b>			<b>11.59</b>		<b>9.05</b>
<b>Other Financial assets</b>					
<b>Loans and Advances</b>	6				
Security Deposits considered good			19.58		24.51
<b>Total</b>			<b>19.58</b>		<b>24.51</b>
<b>Other Non Current Assets</b>	7				
Capital Advance -To related parties credit impaired			183.77		183.77
<b>Total</b>			<b>183.77</b>		<b>183.77</b>
<b>Inventories</b>	8				
Raw Materials			421.39		538.41
Work in Progress			52.37		56.56
Finished goods			255.86		217.82
<b>Total</b>			<b>729.63</b>		<b>812.79</b>
<b>Trade Receivables (Unsecured)</b>	9				
Considered Good			94.90		95.14
Unsecured Considered Doubtful Credit impaired			13.72		13.72
			108.62		108.86
Less: Allowance for doubtful debts			13.72		13.72
<b>Total</b>			<b>94.90</b>		<b>95.14</b>
<b>Cash and Cash Equivalents</b>	10				
<b>A) Balances with Banks</b>					
With scheduled bank					
i) In Current Account (subject to confirmation)			110.95		41.15
ii) In Deposits with maturity of less than Three months			-		-
Cash in Hand					
i) In Indian Rupees			7.37		4.30
<b>Total</b>			<b>118.32</b>		<b>45.45</b>
<b>Bank Balances (other than Note 9 above)</b>	11				
With scheduled bank					
ii) In Deposits with maturity of more than three months			154.67		342.64
<b>Total</b>			<b>154.67</b>		<b>342.64</b>

Particulars	Note Number		As at March 31, 2021		As at March 31, 2020
<b>Loans and Advances</b>	<b>12</b>				
Due from Directors			8.91		0.20
Export Incentives Receivable			6.15		115.45
Interest accrued on deposits			0.28		22.70
<b>Total</b>			<b>15.34</b>		<b>138.35</b>
<b>Other Financial Assets</b>					
Security Deposits			12.00		18.08
			<b>12.00</b>		<b>18.08</b>
<b>Other Current Assets</b>	<b>13</b>				
Advance to Suppliers Considered Good		8.43		5.08	
Advance to Suppliers Considered Doubtful		662		662	
		15.05		11.71	
Less : Provision for doubtful advances		662		662	
Advance to Suppliers			8.43		5.08
Advance to Employees			3.22		1.90
Advance for expenses			-		0.02
Prepaid Expenses			1.46		1.61
Balance with statutory/ Government authorities			165.14		162.44
<b>Total</b>			<b>178.25</b>		<b>171.04</b>

**Amount in INR**

Particulars	Note No.	As at March 31, 2021		As at March 31, 2020	
		Number	Amount	Number	Amount
<b>Equity Share Capital</b>	<b>14</b>				
<b>a</b> Authorised Equity Share Capital ( Par Value per Share Rs. 1)		25,00,00,000	2,500.00	25,00,00,000	2,500.00
<b>b</b> Issued Subscribed and fully paid up Equity Share Capital (Par Value per Share Rs. 1)		13,72,91,230	1,372.91	13,72,91,230	1,372.91
<b>Total</b>		<b>13,72,91,230</b>	<b>1,373</b>	<b>13,72,91,230</b>	<b>1,373</b>
<b>d. Reconciliation of No. of equity share capital outstanding</b>		As at March 31, 2021		As at March 31, 2020	
		Number	Amount	Number	Amount
Opening number of share outstanding		13,72,91,230	13,72,91,230	13,72,91,230	13,72,91,230
Add: No of Shares/ Share Capital issued/ subscribed during the year		-	-	-	-
<b>Closing Number of shares outstanding</b>		<b>13,72,91,230</b>	<b>13,72,91,230</b>	<b>13,72,91,230</b>	<b>13,72,91,230</b>

**e Terms / Rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 1 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the Annual General Meeting. During the year, the Company has not declared any dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.

- f** In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.

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

Name of the Shareholders		As at March 31, 2021		As at March 31, 2020	
		No. of Shares	% of holding	No. of Shares	% of holding
Mrs. Madhura Bhat		3,77,26,550	27	3,77,26,550	27
M. Srinivasa Murthy		2,14,48,600	16	2,14,48,600	16
M Sripad Rao		2,00,96,365	15	2,00,96,365	15
Mrs. Vanajakshi		1,00,56,700	7	1,00,56,700	7
M Prabhakar		1,20,06,700	9	1,20,06,700	9

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

- h. Pursuant to scheme of amalgamation of Success Apparels Private Limited with the Company no of shares of Rs. 2 each allotted to the erstwhile shareholders of Success Apparels Private Limited without payment being received in cash during the year ended 31.03.2014 - - - -
- i. The company had issued shares to Industrial Development Bank of India (IDBI) under a scheme approved by Board of Industrial and Financial Reconstruction (BIFR). The shares were to be bought back within 12 months of issue as per BIFR order. There was a contract to buyback the shares. When the company decided to sell an asset to bring to meet the working shortages, the IDBI who had a charge on the property refused to remove the charges unless the shares were bought back. Since buyback was an obligation, the company bought back the shares even when networth was negative deviating from Sec 68 of Companies Act 2013.
- j. The erstwhile Board of Industrial and Financial Reconstruction (BIFR) in their order waived payment of fees to Registrar of Companies, Karnataka, Bangalore for increasing the authorised capital. However The Registrar of Companies, Karnataka have not accepted the documents filed by the Company earlier without payment of requisite fees. Hence company could not file documents for changes in the authorised and paid up capital. The Company is taking necessary steps to complete filing of other documents with the statutory authorities relating to amalgamation and restructuring.

Particulars	Note Number		As at March 31, 2021		As at March 31, 2020
Other Equity	15				
<b>i. Capital Redemption Reserve</b>					
Balance as per last financial Statement			20.51		20.51
<b>Balance as on balance sheet date</b>			20.51		20.51
<b>ii. Retained Earnings/Surplus</b>					
Balance as per last financial Statement			(1,263.76)		(924.44)
Add:- Profit / (Loss) for the year			219.21		(339.32)
<b>Balance as on balance sheet date</b>			<b>(1,044.55)</b>		<b>(1,263.76)</b>
<b>iv. Other Comprehensive Income</b>					
Balance as per last financial Statement			13.38		18.02
Remeasurement of Defined Benefit Plans			(6.27)		(4.73)
Increase in fair value of investments			2.54		0.09
<b>Balance as on balance sheet date</b>			<b>9.65</b>		<b>13.38</b>
<b>Total</b>			<b>(1,014.39)</b>		<b>(1,229.87)</b>
Long Term Borrowings	16				
Term loan from Bank			150.35		-
<b>Total</b>			<b>150.35</b>		<b>-</b>
Employee Benefit Obligation(Non Current)	17				
Provision for - Gratuity			103.82		87.10
<b>Total</b>			<b>103.82</b>		<b>87.10</b>
Borrowings (Current)	18				
Working Capital from Bank (Secured)			276.24		726.11
<b>Total</b>			<b>276.24</b>		<b>726.11</b>
# Short term borrowings are secured by hypothecation of inventories and receivables, personal guarantee of three Directors and Equitable mortgage of two immovable properties.					

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

Particulars	Note Number		As at March 31, 2021		As at March 31, 2020
<b>Trade Payables</b>	<b>19</b>				
Total outstanding dues of micro enterprise and small enterprise			444.41		783.52
Total outstanding dues of creditors other than micro enterprise and small enterprise			294.23		404.30
<b>Total</b>			<b>738.63</b>		<b>1,187.81</b>
<b>Other Financial Liabilities</b>	<b>20</b>				
Current maturities of long-term debt					
Liabilities for expenses			245.25		193.57
Due to directors			5.46		3.66
Other Liabilities			0.03		0.03
			<b>250.74</b>		<b>197.27</b>
<b>Provisions</b>	<b>21</b>				
Current					
Provision for employee benefits					
- Gratuity			7.23		10.31
Leave Benefits			33.74		28.56
<b>Total</b>			<b>40.97</b>		<b>38.87</b>
<b>Other Current Liabilities</b>	<b>22</b>				
Advances from Customers			64.87		74.60
Advance against sale of property			204.00		
Statutory Liabilities			7.59		7.88
<b>Total</b>			<b>276.46</b>		<b>82.48</b>
<b>Revenue from Operations</b>	<b>23</b>				
Sale of Products			3,479.00		2,617.89
Other Operating Revenue			-		-
- Export Incentives Received			129.79		77.87
- Export Licenses			63.95		130.76
<b>Revenue from operations (Gross)</b>			<b>3,672.74</b>		<b>2,826.51</b>
<b>Other income</b>	<b>24</b>				
Interest Income from Bank Deposits			8.71		31.00
Interest Income from Others			-		0.50
Dividend Income from Long Term Investments			0.11		0.04
Net gain / (loss) on foreign currency transaction and translation			1.60		26.34
Net gain on sale of property, plant and equipments			-		2.08
Insurance Claim Received			-		0.19
Excess Provision / (Unclaimed Credit) Withdrawn			0.92		1.06
Others			-		-
<b>Total</b>			<b>11.34</b>		<b>61.21</b>
Cost of materials consumed	<b>25</b>				
Cost of raw materials consumed			2,079.30		1,934.30
<b>Total</b>			<b>2,079.30</b>		<b>1,934.30</b>
<b>Changes (Increase) / Decrease in inventories of finished goods, work-in-progress</b>	<b>26</b>				
Inventories at the end of the year					
Work in Progress			52.37		56.56
Finished Goods			255.86		217.82
<b>Total</b>			<b>308.23</b>		<b>274.38</b>



Particulars	Note Number	Asat March 31, 2021	Asat March 31, 2020
<b>Inventories at the beginning of the year</b>			
Work in Progress		56.56	6.85
Finished Goods		217.82	160.77
<b>Total</b>		<b>274.38</b>	<b>167.62</b>
<b>Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade</b>		<b>(33.85)</b>	<b>(106.76)</b>
Work in Progress			
Leather Garments		52.37	56.56
Finished Goods			
Leather Garments		255.86	217.82
<b>Employee Benefit Expenses</b>	<b>27</b>		
Salaries and Wages		697.06	682.19
Contribution to provident & Other Funds		117.49	117.25
Staff Welfare expenses		17.69	15.73
		<b>832.25</b>	<b>815.17</b>
<b>Financial Costs</b>	<b>28</b>		
Interest Expense		61.97	112.31
Other Borrowing Costs (Bank Charges)		15.01	6.04
		<b>76.98</b>	<b>118.35</b>
<b>Depreciation and amortisation expenses</b>	<b>29</b>		
Depreciation of tangible assets		11.07	11.68
Amortisation of intangible assets		-	0.15
		<b>11.07</b>	<b>11.83</b>
<b>Other Expenses</b>	<b>30</b>		
Power and Fuel		24.54	27.27
Rent		54.86	56.62
Repairs to Buildings		0.32	-
Repairs to Machinery		3.08	4.25
Repairs to Others		8.55	7.41
Insurance		8.39	6.37
Rates & Taxes, excluding taxes on income		14.16	9.46
Remuneration to Auditors *		2.00	2.00
Professional & Consultancy Charges		13.58	11.42
Freight & Forwarding		42.89	29.00
Jobwork Charges		145.62	110.15
Travelling and Conveyance		8.60	16.58
Communication expenses		6.19	7.33
Directors Sitting Fees		0.75	-
Business Promotion		0.68	0.98
Watch & Ward		19.55	20.40
Demat Charges		0.53	7.12
Miscellaneous		10.06	13.49
Donation		0.74	0.81
Commission		0.10	0.25
Printing & Stationery		7.50	7.37
Bad Advances / Receivables Written off		-	1.67
		<b>372.70</b>	<b>339.94</b>
<b>*Remuneration to Auditor</b>			
Audit fees		2.00	2.00
		<b>2.00</b>	<b>2.00</b>

## NAMASTE EXPORTS LIMITED

CIN : U85110KA1988PLC008988

Registered Office : Namaste Complex, 21/2, Vittal Nagar, Chamarajpet, Bangalore-560 018.  
Tel: 91-80-26742252 Email: accounts@namasteexports.net Website : www.namasteexports.net

### 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 THIRTY THIRD ANNUAL GENERAL MEETING of the Company to be held on  
Thursday, the 25th November, 2021 at 10.30 a.m. at S.G. Party Hall, 14 th Cross, K.R. Road, BSK 3rd Stage, Next  
to Bharath Petrol Bunk, Opp. to Siddaiah Garage, Banalore - 560 028 (Between K.R. Road & Thyagraj Nagar)  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2021.  
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.

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### 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 THIRTY THIRD ANNUAL GENERAL MEETING of the Company on  
Thursday, the 25th November, 2021 at 10.30 a.m. at S.G. Party Hall, 14 th Cross, K.R. Road, BSK 3rd Stage, Next  
to Bharath Petrol Bunk, Opp. to Siddaiah Garage, Banalore - 560 028. (Between K.R. Road & Thyagraj Nagar)

\_\_\_\_\_  
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**  
Registered Office :  
'Namaste Complex', 21/2, Vittalnagar,  
Chamarajpet, Bangalore-560 018.