

EURO SHOE COMPONENTS LIMITED

TO THE MEMBERS,

The Directors are pleased to submit the 10th Annual Report and the Audited statement of Accounts for the year ended 31st March, 2015.

FINANCIAL RESULTS:

Details	2014-15	2013-14
	Rs Lakhs	
<i>Turnover</i>	5,187.68	4,083.24
Profit / (Loss) before exceptional Items	446.06	458.95
Exceptional Items	-	21.96
Profit before Tax	446.06	436.99
Taxes	195.15	163.49
<i>Profit / (Loss) after taxes</i>	250.91	273.50
Add: Balance brought forward from Previous Year	959.08	873.13
Less: WDV of Life expired assets	3.64	
<i>Amount Available for appropriation</i>	1,206.35	1,146.63
Appropriations		
Interim Dividend (including tax on Distributed Profits)	-	160.05
Transfer to General Reserve	2.50	27.50
Proposed Dividend (including tax on Distributed Profits)	120.04	
<i>Leaving to be carried forward a balance of</i>	1,083.81	959.08

EURO SHOE COMPONENTS LIMITED

OPERATING PERFORMANCE:

The year 2014-15 continued to be a year full of challenges and opportunities for the Company with highly volatile forex market impacting the procurement of rawmaterial. The Company achieved gross revenue of Rs.5,483.95 Lakhs in Fy 14-15 as against Rs. 4,359.02 Lakhs in Fy 13-14 showing an impressive growth of 26% The profit before taxes stood at Rs. 446.06 Lakhs in 14-15 as against Rs.436.99 Lakhs in the previous financial year. On like to like basis and after adjusting for the difference between depreciation based on % on WDV as per Companies Act 1956 and Useful life of assets on WDV as per Companies Act 2013, the profits from operations stood at before exceptional items at Rs.774 Lakhs in Fy 14-15 as against Rs. 437 Lakhs in 13-14 registering an impressive growth of 77 %

OUTLOOK FOR THE BUSINESS:

The growth of company is linked to the growth of footwear industry in India. The future growth of footwear industry in India, with the state of the art manufacturing plants, automated manufacturing process, skilled manpower developed over the years, innovative thinking, ability to design products and world class quality levels will continue to be market driven and orient towards EU and US Markets. The company is well poised to sustain its operations as it expanded its product base into TPR, PU, TPU and also PU injected Shoes.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as Annexure A.

NUMBER OF MEETINGS OF THE BOARD:

The Board met four times in financial year 14-15 viz., on 08.05.2014, 30.08.2014, 18.12.2014 and 23.03.2015. The maximum interval between any two meetings did not exceed 120 days

DIRECTORS' RESPONSIBILITY STATEMENT:

- i. In the preparation of the annual accounts for financial year ended 31st March, 2015 the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the Annual Accounts for financial year ended March 31, 2015 on a 'going concern' basis, and

EURO SHOE COMPONENTS LIMITED

- v. that the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

BOARD'S INDEPENDENCE, NOMINATION AND REMUNERATION COMMITTEE, AUDIT COMMITTEE, ETC:

The company falls under such class of companies where the provisions of Companies Act 2013, with respect to Independence of Board, Nomination and Remuneration Committee, Audit Committee, CSR Committee, Secretarial Audit, Vigil Mechanism, Board Evaluation Process, Appointment of Women Director and Independent Directors are not applicable.

COMMENTS ON AUDITORS' REPORT:

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. V.S. Athmanathan & Co., LLP, Statutory Auditors, in their report.

The Statutory Auditors have not reported any incident of fraud to the Board of the Company in the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:

The Company has not provided any loans and guarantees during the year and had not made any investments pursuant to Section 186 of the Companies Act, 2013

DEPOSITS

The company has not accepted any deposits during the current financial year as well as in earlier years. The details relating to deposits, covered under Chapter V of the Act,-

(a) accepted during the year:	- NIL
(b) remained unpaid or unclaimed as at the end of the year:	- NIL
(c) whether there has been any default in repayment of Deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved:	- NOT APPLICABLE
(i) at the beginning of the year:	- NIL
(ii) maximum during the year:	- NIL
(iii) at the end of the year:	- NIL

The details of deposits which are not in compliance with the requirements of Chapter V of the Act: - NIL

RELATED PARTY TRANSACTIONS:

The policy of the company with respect to related parties is such that the transactions fall in the ordinary course of the business, with the normal commercial terms, on an ongoing basis throughout the year and arms length. Further, the transactions involve sale of goods and services on a continuous basis through the year. The approval of the Board is required to be secured in the beginning of the year for the likely estimate of the transactions with the related parties. The variations, if any in the estimate also requires approval or ratification from the Board. As a policy, the transactions – (Estimate and

EURO SHOE COMPONENTS LIMITED

Actual) with the related parties are also required to be approved or ratified by the members in the general meeting of the company.

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in Form AOC -2, prescribed in Rule 8(2) of the Companies (Accounts) Rules, 2014 is appended as Annexure - B

TRANSFER TO RESERVES:

The appropriations for the year are:

Net Profit for the year after tax	Rs. 250.91 Lakhs
Balance of Reserve at the beginning of the year	Rs. 959.08 Lakhs
Less : Transfer to General Reserve	Rs. 2.50 Lakhs
Less : Proposed Dividend and Dividend Distribution Tax	Rs. 120.04 Lakhs
Less : WDV of life expired assets	Rs. 3.64 Lakhs
Balance of Reserve at the end of the year	Rs.1,083.81 Lakhs

DIVIDEND:

The Directors recommend payment of dividend Rs.167/- per Share (previous year: Rs. 228/- per Share) on 60,000 ordinary shares of Rs. 10/- each.

DONATIONS:

Donations and contributions amounting to Rs.0.05 lakhs (previous year: Rs.0.15lakhs) were made during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

DIRECTORS:

a. Retirement of Directors by Rotation:

Mr. A.M. Ponkshe, Director, retires by rotation and being eligible has offered himself for re-appointment.

b. Resignation of Executive Director:

Mr. P.V. Gopalakrishna resigned from the position of Executive Director of company w.e.f closing hours of 31.03.2015.

EURO SHOE COMPONENTS LIMITED

The Board wished to record its deep appreciation for the significant contributions to the management of affairs of the company by Mr. P.V. Gopalakrishna and also for the valuable contributions made to the Board from time to time.

c. Appointment of Non Executive Director:

Mr. P. V. Gopalakrishna was appointed as non executive Director of the company w.e.f 1st April 2015.

AUDITORS:

M/S.V.S. Athmanathan & Co., LLP, Chartered Accountants, have been appointed as Statutory Auditors of the Company to hold office from the conclusion of the Annual general meeting held on 28th May 2014 until the conclusion of the Fifth Consecutive Annual General meeting (subject to ratification of appointment by members at every AGM held after AGM conducted on 28th May 2014). The members are requested to ratify the appointment of the statutory auditors.

PARTICULARS OF EMPLOYEES:

Details of Employee drawing remuneration not less than sixty lakh rupees throughout the F.Y or for part drawing remuneration not less than five lakh rupees per month or drawing remuneration in excess of that drawn by MD/Manger and holds 2% of equity shares himself and/or with spouse and dependent children are enclosed in **Annexure C**.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EARNINGS AND OUTGO:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, is annexed herewith as **Annexure D**.

ADEQIACY OF INTENRAL FINANCIAL CONTROLS:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and certified by the Internal Auditors and External Auditors of the company.

EURO SHOE COMPONENTS LIMITED

ACKNOWLEDGEMENTS:

The Directors thank the various Central and State Government Departments, Organizations and Agencies for the continued help and co-operation extended by them.

The Directors also gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

On Behalf Of the Board of Directors



A.M. PONKSHE
Chairman
DIN:01663073

30th April, 2015

ANNEXURE C TO DIRECTORS REPORT

Details of Employee drawing remuneration not less than sixty lakh rupees throughout the F.Y or for part drawing remuneration not less than five lakh rupees per month or drawing remuneration in excess of that drawn by MD/Manger and holds 2% of equity shares himself and/or with spouse and dependent children

Name of the Employee	P.V. Gopalakrishna	M. Hariram
Age	49	
Qualification & Experience	B.Com., Diploma in Full Shoes Technology and 21 Years	BE Mechanical Engineering and PGD in Plastic Engineering
Designation & Nature of duties	Executive Director upto 31st March 2015 and Non Executive Director from 1.4.2015	Managing Director
Remuneration Received in Lakhs	24	48
Last Employment	-	-
The % Equity Shares held by the Employee in the Company (Include the shares held in the name of spouse and dependent children) as HUF	10%	12%
Is the Employee a relative of any director? His / Her relationship		

Place : Mumbai

Date : 30.04.2015



A M Ponshe

Chairman

Euro Shoe Components Limited, RanipetANNEXURE D TO DIRECTORS REPORT

Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of
the Companies (Accounts) Rules, 2014

FORM A

Form of disclosure of particulars with respect of conservation of energy.

<u>A. POWER AND FUEL CONSUMPTION</u>	<u>F.Y.2014-2015</u>	<u>F.Y.2013-2014</u>
1. Electricity	Rs.1,78,89,924	Rs.1,33,34,714
Purchased units	26,97,193	21,61,985
Rate per Unit	6.63	6.17
B. OWN GENERATION		
a. Through Diesel Generator Units	1,32,394	2,05,768
Units per liter of Diesel	2.77	3.12
Cost per Unit	18.85	17.73
b. Through steam Turbine / Generator Units		
Units per Liter of Fuel Oil / Gas		
Cost per Unit		
2. Coal (Specify Quantity and where used)	NA	NA
Quantity (in Tons)		
Total Cost		
Average Rate per ton		
LECO (for drier)		
Quantity in Tons		
Total Cost		
Average Rate per ton		
3. Furnace Oil / L.D.C. – Quantity	NA	NA
Total Amount		
Average Rate per Liter		
4. Quenchin Oil	NA	NA
Quantity		
Total Cost		
Rate per Liter		
5. Biomass Briquettes		
Quantity		
Total Cost		
Rate per Kgs		
6. Consumption per Unit of production	NA	NA
PRODUCT		
A. ELECTRICITY (per Pair)	Rs. 4.01	Rs.4.25
B. L. D. O.		
C. QUENCHING OIL		

FORM - B

Form of disclosure of particulars with respect to Absorption Research and Development : - (R & D).

F.Y.2014-2015

F.Y.2013-2014

1. Carried out by the Company
2. Benefits derived as a result of the above R & D.
3. Future plan of action
4. Expenditure on R & D
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as a percentage of total turnover

Technology Absorption, Adaptation and Innovation:


1. Efforts in brief, made towards technology absorption, adaptation and innovation. NIL
2. Benefits derived as a result of the above efforts (e.g.) product improvement cost of reduction, product development, import substitution, etc.,

Foreign Exchange Earnings and Outgo

1. Activities releasing to exports
2. Initiatives taken to increase exports and development of new export market for products and services and export plan.
3. Total Foreign Exchange

a) Used (Rs.Lacs)	1,225.71	990.92
b) Earned (Rs.Lacs)	580.32	441.54

For and on behalf of the Board
For EURO SHOE COMPONENTS LIMITED


A.M. Ponkshe
Chairman

Place : Mumbai
Date : 30.04.2015

Euro Shoe Components Limited
ANNEXURE B
Form No. AOC-2

(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 transactions under third provision thereto


Details of contracts or arrangements or transactions at arm's length basis

Name(s) of the related party	Nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/ transactions	Type	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Additional Approval/Ratification from Members
Bachi Shoes Ltd	Fellow Subsidiary	Commission / Discount & Rebate	On-going and throughout the year	Enhancement of Estimates	1.00	In the ordinary course of business, Normal commercial terms.	23.03.2015	Nil	Ratification is also sought from the members of company in the AGM scheduled on 28th May 2015
		Commission / Discount & Rebate		Actuals	0.15				
		Purchase of Goods		Estimates	10.00				
		Purchase of Goods		Actuals	3.14				
		Reimbursement of expenses		Estimates	5.00				
		Reimbursement of expenses		Actuals	-				
		Rendering Services		Estimates	400.00				
		Rendering Services		Actuals	324.07				
		Sale of Fixed Assets		Estimates	10.00				
		Sale of Fixed Assets		Actuals	20.00				
Calsea Footwear Pvt Ltd	Fellow Subsidiary	Sale of Fixed Assets	On-going and throughout the year	Enhancement of Estimates	720.00	In the ordinary course of business, Normal commercial terms.	08.05.2014	Nil	Ratification is also sought from the members of company in the AGM scheduled on 28th May 2015
		Sale of Fixed Assets		Actuals	1,100.00				
		Sale of goods		Estimates	981.12				
		Sale of goods		Actuals	-				
		Sale of Goods		Estimates	2.00				
		Sale of Goods		Actuals	0.25				
		Reimbursement of expenses		Enhancement of Estimates	5.00				
		Reimbursement of expenses		Actuals	2.49				
		Rendering Services		Estimates	122.00				
		Rendering Services		Actuals	375.00				
Sale of goods	Estimates	361.75							
Sale of goods	Actuals	-							


Name(s) of the related party	Nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Type	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Additional Approval/Ratification from Members
Euro Labels Industries	Enterprises in which director/ies interested	Purchase of Goods	On-going and throughout the year	Estimates	12.00	In the ordinary course of business, Normal commercial terms.	08.05.2014	Nil	Ratification is also sought from the members of company in the AGM scheduled on 28th May 2015
		Purchase of Goods		Enhancement of Estimates	50.00		23.03.2015		
		Purchase of goods		Actuals	46.00		30.04.2015		
		Purchase of Assets		Enhancement of Estimates	2.00		23.03.2015		
		Purchase of Assets		Actuals	0.57		30.04.2015		
		Reimbursement of expenses		Enhancement of Estimates	2.00		23.03.2015		
		Reimbursement of expenses		Actuals	0.07		30.04.2015		
		Rendering of Services		Enhancement of Estimates	2.00		23.03.2015		
		Rendering of Services		Actuals	0.08		30.04.2015		
		Receiving of Services		Enhancement of Estimates	1.00		23.03.2015		
Receiving of Services	Actuals	0.58	30.04.2015						
Sale of goods	Estimates	20.00	08.05.2014						
Sale of goods	Enhancement of Estimates	5.00	23.03.2015						
Sale of goods	Actuals	3.70	30.04.2015						
Mr. P V Gopalakrishna	Key Management Personnel	Managerial remuneration	As per Contract of employment	Estimates	24.00	Executive Directors Remuneration	08.05.2014	Nil	Ratification is also sought from the members of company in the AGM scheduled on 28th May 2015
		Managerial remuneration		Actuals	24.00		30.04.2015		
Mr. Hari Ram	Key Management Personnel	Managerial remuneration	As per Contract of employment	Estimates	48.00	Managing Director's Remuneration	08.05.2014	Nil	Ratification is also sought from the members of company in the AGM scheduled on 28th May 2015
		Managerial Remuneration		Enhancement of Estimates	87.30		23.03.2015		
		Managerial remuneration		Actuals	48.00		30.04.2015		
		Rent		Enhancement of Estimates	3.60		23.03.2015		
		Rent		Actuals	3.60		30.04.2015		
		Commission / Discount & Rebate		Enhancement of Estimates	25.00		23.03.2015		
Commission / Discount & Rebate	Actuals	25.00	30.04.2015						
		purchase of Fixed Assets		Enhancement of Estimates	5.00		23.03.2015		

Name(s) of the related party	Nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Type	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Additional Approval/Ratification from Members
Tata International Limited	Holding Company	Purchase of Fixed Assets		Actuals	3.99		30.04.2015		Ratification is also sought from the members of company in the AGM scheduled on 28th May 2015
		Purchase of Goods		Enhancement of Estimates	10.00		23.03.2015		
		Purchase of Goods		Actuals	5.20		30.04.2015		
		Reimbursement of Expenses	On-going and throughout the year	Enhancement of Estimates	10.00	In the ordinary course of business, Normal commercial terms.	23.03.2015		
		Reimbursement of Expenses		Actuals	9.99		30.04.2015		
		Rendering Services		Enhancement of Estimates	10.00		23.03.2015		
		Rendering Services		Actuals	6.98		30.04.2015		
		Sale of goods		Estimates	1,004.00		08.05.2014		
		Sale of Goods		Enhancement of Estimates	1,600.00		23.03.2015		
		Sale of Goods		Actuals	1,564.17		30.04.2015		

For and on behalf of the Board


AJAY PONSHE
 DIRECTOR
 DIN - 01663073

30/04/2015
 Vellore


M. HARINAM
 MANAGING DIRECTOR
 DIN - 00409975


P.V. GOPALAKRISHNA
 DIRECTOR
 DIN - 00417691

INDEPENDENT AUDITOR'S REPORT

To the Members of,
EURO SHOE COMPONENTS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **EURO SHOE COMPONENTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules and Orders made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015; its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by The Companies (Auditor's Report) Order, 2015, ("the Order"), issued by the Central Government of India in terms of sub*section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account produced before us.
 - (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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

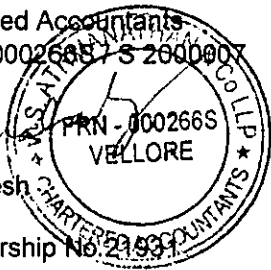
(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 23 IV (ix) 1 to the financial statements, on 'Contingent liabilities';
- ii. The Company did not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

3. Attention is invited to Note No.23 III(ii)(c) of the financial statements relating to liability for interest and disclosures required under 'The Micro, Small and Medium Enterprises Development Act, 2006'. In view of the above, we are unable to quantify or comment on the impact thereof, if any, on the financial statements.

For V.S.Athmanathan & Co LLP
Chartered Accountants
FRN - 000266S / S-2000007


A. Mahesh
Partner
Membership No. 21931



Vellore
30.4.2015

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1, under the heading "Report on Other Legal and Regulatory Requirements", of our report of even date on the Financial Statements for the year ended 31st March 2015, of Euro shoe components Limited.)

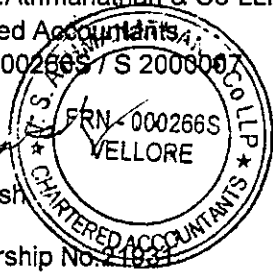

In terms of the information and explanations given to us and the books and records examined in the normal course of audit, on the basis of such tests and checks that were considered appropriate and to the best of our knowledge and belief we state that:

- i) (a) The company is, in our opinion, generally maintaining proper records showing full particulars including quantitative details and situation of fixed assets, on the basis of available information.
- (b) As explained to us, the Company has a phased programme of physical verification of its fixed assets, which, in our opinion, is reasonable, having regard to the size of the Company and the nature of its assets. In accordance with such programme, the management has physically verified certain fixed assets during the year. We are informed that no material discrepancies were noticed on such verification.
- (ii) (a) As explained to us, the management has, wherever practicable, conducted physical verification of inventory, during the year and at or before the year end, except those in transit. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are, in our opinion and according to the information and explanations given to us, reasonable and adequate, in relation to the size of the company and the nature of its business.
- (c) The company, in our opinion, is maintaining proper records of inventory. As explained to us, the discrepancies between book stocks and physical stocks were not material and have been properly dealt with in the stock records.
- (iii) The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained u/s 189 of The Companies Act, 2013.
 - (a) In view of the statement in para (iii) above, clause 3(iii)(a) of the Companies (Auditor's Report) Order, 2015, is not applicable to the company.
 - (b) In view of the statement in para (iii) above, clause 3(iii)(b) of the Companies (Auditor's Report) Order, 2015, is not applicable to the company.
- (iv) There is, in our opinion, according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternate sources are not readily available for obtaining comparable quotations, adequate internal control system, commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination and the information and explanations given to us, we have neither observed, nor been informed of any continuing failure to correct major weaknesses in internal controls.

- (v) The company has not, in our opinion, accepted deposits within the meaning of Sec.73, 76 or any other provisions of The Companies Act, 2013., Hence, clause 3(iv) of the Companies (Auditor's Report) Order, 2015, is not applicable to the company.
- (vi) As explained to us, The Companies (cost records and audit) Rules, 2014, issued u/s 148(1) of The Companies Act, 2013, is not applicable to the company, hence, the statement clause 3(vi) of the Companies (Auditor's Report) Order, 2015, is not applicable to the company.
- (vii)(a) The company is, according to the information and explanations given to us and the books and records produced and examined by us, generally regular in depositing material undisputed statutory dues, including provident fund, employees' state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) According to the records of the company and information & explanations given to us, there are no dues in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty, value added tax and cess, that have not been deposited with the appropriate authorities on account of any dispute.
 - (c) According to the records of the company and information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
- (viii) The Company has no accumulated losses and has not incurred any cash loss during the financial year covered by our audit or in the immediately preceding financial year.
- (ix) The company had not, based on our audit procedures, in our opinion and according to the information and explanations given to us, defaulted in repayment of dues to a bank or financial institution, during the year *except on a couple of occasions during the year, which were made good subsequently*, and the company had no borrowings from any financial institution or on debentures.
- (x) The Company had not, based on our examination and according to the information and explanations given to us, given guarantees for loans taken by others from banks or financial institutions. Therefore, clause 3(x) of the Companies (Auditor's Report) Order, 2015, is not applicable to the company.
- (xi) The term loans raised during the year and in earlier years, have, in our opinion and according to the information and explanations furnished to us, been applied for the purposes for which they were raised, except in respect of those loans, assets in respect of which had already been acquired first by the company out of its own funds and the term loan raised later was utilised for its working capital.

(xii) Based on the audit procedures and information and explanations given to us by the management, we report that no fraud on or by the company, that may cause the financial statements to be materially misstated, was noticed or reported during the course of our audit.

For V.S.Athmanathan & Co LLP
Chartered Accountants
FRN - 000266S / S 2000067



A. Mahesh
Partner
Membership No. 1681

Vellore
30.4.2015

C/-

Euro Shoe Components Limited
Balance Sheet, as at March 31, 2015

Particulars	Note No.	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
I EQUITY AND LIABILITIES:			
(1) Shareholders' Funds			
(a) Share Capital	1	6.00	6.00
(b) Reserves and Surplus	2	1,258.36	1,131.13
(c) Money received against share warrants		-	-
(2) Share Application money pending allotment			
		-	-
(3) Non-current Liabilities			
(a) Long Term Borrowings	3	269.99	131.19
(b) Deferred Tax Liabilities (Net)	4	-	-
(c) Other Long Term Liabilities	5	-	-
(d) Long Term Provisions	6	10.07	18.99
(4) Current Liabilities			
(a) Short-term Borrowings	3	436.52	755.17
(b) Trade Payables	7	1,024.39	603.44
(c) Other Current Liabilities	7	378.84	292.61
(d) Short-term Provisions	6	217.86	229.93
TOTAL		3,602.02	3,168.47
II ASSETS			
(1) Non-current Assets			
(a) Fixed Assets	8		
(i) Tangible assets		851.84	1,096.56
(ii) Intangible assets		6.61	4.15
(iii) Capital work-in-progress		-	0.39
(iv) Intangible assets under development		-	-
(b) Non-current Investments	9	-	-
(c) Deferred Tax Assets (net)	4	102.51	20.91
(d) Long term loans and advances	10	513.89	390.89
(e) Other non-current assets	11	-	-
(2) Current Assets			
(a) Current investments	9	-	-
(b) Inventories	12	647.53	327.37
(c) Trade receivables	13	1,387.30	1,091.57
(d) Cash and Bank Balances	14	24.75	196.23
(e) Short-term loans and advances	10	28.34	39.91
(f) Other current assets	11	39.27	0.49
TOTAL		3,602.02	3,168.47
Notes to the financial statements	23		

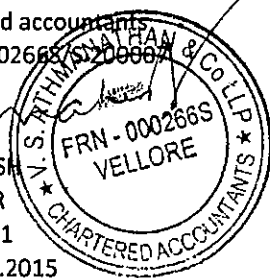
As per our report of even date, attached,
For **V.S.ATHMANATHAN & CO LLP**

Chartered accountants
FRN - 000266S/02000097

A.MAHESH
PARTNER
NO.21931

30.4.2015

Vellore



For and on behalf of the Board

AJAY PONKSHE
DIRECTOR DIN - 01663073

MIHARIRAM
MANAGING DIRECTOR
DIN - 00409975

30.4.2015

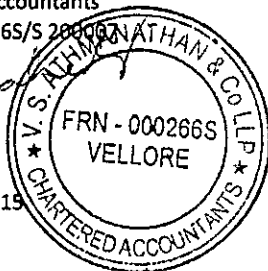
Vellore

P.V.GOPALAKRISHNA
DIRECTOR
DIN - 00417691

Euro Shoe Components Limited			
Statement of Profit and Loss, for the year ended March 31, 2015			
Particulars	Note No.	For the year ended	For the year ended
		March 31, 2015	March 31, 2014
		₹ in Lakhs	₹ in Lakhs
I REVENUE FROM OPERATIONS (GROSS)	15	5,483.95	4,359.02
Less: Excise duty		296.28	275.78
REVENUE FROM OPERATIONS (NET)		5,187.68	4,083.24
II OTHER INCOME	16	415.91	193.05
III TOTAL REVENUE		5,603.58	4,276.29
IV EXPENSES			
(a) Cost of Materials consumed	17	2,658.41	1,887.49
(b) Purchase of Stock in Trade - Moulds & Soles		51.10	26.84
(c) Change in Inventories of finished goods work in progress and Stock in trade	18	-101.18	31.85
(d) Employee Benefit Expense	19	777.24	616.13
(e) Finance Costs	20	62.48	70.56
(f) Depreciation and Amortization expense	8	764.42	289.93
(g) Other Expenses	21	945.05	894.53
TOTAL EXPENSES		5,157.52	3,817.34
V PROFIT / (LOSS), BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS & TAX		446.06	458.95
VI Exceptional items	22	-	21.96
VII PROFIT / (LOSS), BEFORE EXTRAORDINARY ITEMS AND TAX		446.06	436.99
VIII Extraordinary items		-	-
IX PROFIT BEFORE TAX		446.06	436.99
X TAX EXPENSES			
(a) Current Tax - Income Tax		275.00	157.00
(b) Current Tax - Wealth Tax		-	-
(c) Deferred tax Charge / (-) Credit		-79.85	6.49
XI PROFIT / (LOSS), FOR THE PERIOD - FROM CONTINUING OPERATIONS		250.91	273.50
XII Profit / (loss) from discontinuing operations		-	-
XIII Tax expense of discontinuing operations		-	-
XIV Profit/(loss) from discontinuing operations (after tax)		-	-
XV PROFIT / (LOSS) FOR THE YEAR		250.91	273.50
XVI Earnings per Equity Share of ₹ 10 each			
(i) Basic - ₹ / share		418.18	455.83
(ii) Diluted - ₹ / share		418.18	455.83
Notes to the financial statements	23		

As per our report of even date, attached,
For **V.S.ATHMANATHAN & CO LLP**
Chartered accountants
FRN - 000266S/S 200000

A. MAHESH
PARTNER
NO.21931
30.4.2015
Vellore



For and on behalf of the Board

h6
AJAY PONKSHE
DIRECTOR DIN - 01663073

h6
MIHARRAM
MANAGING DIRECTOR
DIN - 00409975
30.4.2015
Vellore

h6
P.V.GOPALAKRISHNA
DIRECTOR
DIN - 00417691

Euro Shoe Components Limited
Cash Flow Statement for the year ended 31 March, 2015

	For the year ended March 31, 2015 ₹ in Lakhs	For the year ended March 31, 2014 ₹ in Lakhs
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Extraordinary items and tax	446.06	436.99
Adjustments for:		
Unrealised Exchange (Gain) / Loss	0.00	0.00
Depreciation / Amortisation	764.42	289.93
Depreciation (under Exceptional items)	0.00	21.96
Impaired assets	0.00	54.03
(Profit) / Loss on Sale of Assets	(64.70)	(0.46)
(Profit) on sale of investments	0.00	0.00
Interest Income	(26.33)	(10.39)
Dividend Income	0.00	0.00
Interest Expense	62.48	70.56
Amortisation of expense	0.00	0.00
	735.87	425.63
Operating Profit before Working capital changes	1181.93	862.62
Increase in		
Trade and other receivables	(467.43)	(336.90)
Inventories	(320.16)	50.40
Trade and other payables	460.05	70.21
Exceptional Item (only operating items)	0.00	0.00
	854.40	646.33
Cash arising from / (used in) operations	854.40	646.33
Income taxes paid (net of refunds)	(254.00)	(91.16)
NET CASH ARISING FROM / (USED IN) OPERATING ACTIVITIES	600.40	555.16
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(507.79)	(692.06)
Sale of Fixed Assets/Subsidy/Cost recovery	65.69	2.38
Purchase of investments	0.00	0.00
Sale of investments	0.00	50.00
Interest Received	26.82	10.39
Dividend Received	0.00	0.00
	(415.29)	(629.29)
NET CASH ARISING FROM / (USED IN) INVESTING ACTIVITIES	(415.29)	(629.29)

C CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from the issue of share capital (including share premium)	0.00	0.00
Proceeds from Long Term Borrowings	259.37	100.00
Proceeds from Short Term Borrowing (net)	(318.65)	355.65
Repayments of Long term borrowings [including premium on repayment]	(73.50)	(111.38)
Dividends paid	(160.05)	(59.27)
Interest, Commitment and Finance charges paid	(63.76)	(70.72)
NET CASH ARISING FROM / (USED IN) FINANCING ACTIVITIES	(356.59)	214.26
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(171.48)	140.14
CASH AND CASH EQUIVALENTS AS ON 1ST APRIL (NOTE 14 TO BALANCE SHEET)	196.23	56.09
CASH AND CASH EQUIVALENTS AS ON 31ST MARCH (NOTE 14 TO BALANCE SHEET)	24.75	196.23

NOTES :

- The above Cash Flow Statement has been prepared using the Indirect Method as per Accounting Standard (AS) 3 - 'Cash Flow Statement', as notified by the Companies (Accounting Standards) Rules, 2006, which continues to apply as per Ministry of Corporate affairs General circular 15/2013 dt.13.9.2013.

	As at March 31, 2015	As at March 31, 2014
2. Cash and Bank Balances (Refer Note 14)	24.75	196.23
Unrealised (Gain)/Loss on foreign currency cash and cash equivalents.	0.00	0.00
Total Cash and Cash Equivalents	24.75	196.23
3. Unutilised bank funded limit was Rs.	63.48	94.19
4. Cash and Bank Balances aforesaid, include Bank deposits with Bank against Bank Guarantee and Deposit held as Collateral for term loan, vide details in Note 14 to the Balance sheet.		
5. Previous year's figures have been regrouped / restated, wherever necessary.		

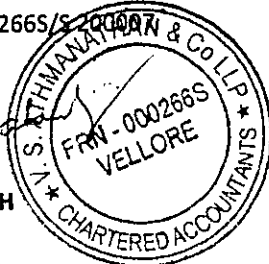
For and on behalf of the Board

As per our report of even date, attached,

For **V.S.ATHMANATHAN & CO LLP**

Chartered accountants

FRN - 000266S/S 200000

**A.MAHESH**

PARTNER

NO.21931

30.4.2015

Vellore

AJAY PONKSHE

DIRECTOR

DIN - 01663073

M.HARIRAM

MANAGING DIRECTOR

DIN - 00409975

30.4.2015

Vellore

P.V.GOPALAKRISHNA

DIRECTOR

DIN - 00417691

Notes to the Financial statements
for the year ended 31 March, 2015

	As at March 31, 2015		As at March 31, 2014	
	₹ in Lakhs		₹ in Lakhs	
1 SHARE CAPITAL				
Authorised -				
1,00,000 (1,00,000) Equity Shares of Rs. 10/- each	10.00		10.00	
	10.00		10.00	
Issues, Subscribed and Paid up -				
60,000 (60,000) Equity Shares of Rs. 10/- each	6.00		6.00	
	6.00		6.00	
(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period				
	No.	₹ in Lakhs	No.	₹ in Lakhs
Shares outstanding at the beginning of the year -				
- Equity shares of Rs.10/- each	60000	6.00	60000	6.00
Add: Fresh issue during the year	-	-	-	-
Less: Buyback/Redemption during the year	-	-	-	-
Shares outstanding at the end of the year -				
- Equity shares of Rs. 10/- each	60000	6.00	60000	6.00
(b) Shares held by holding/ultimate holding company and /or their subsidiaries /associates				
Holding Company : Tata International Ltd				
- Equity shares of Rs. 10/- each	41800	4.18	41800	4.18
Subsidiary of Holding Company : Bachi Shoes Ltd				
- Equity shares of Rs. 10/- each	5000	0.50	5000	0.50
(c) Shareholders holding more than 5% shares in the company				
		% of holding		% of holding
i. Tata International Ltd	41800	70%	41800	70%
ii. Bachi Shoes Ltd	5000	8%	5000	8%
iii. P V Gopalakrishna	6144	10%	6144	10%
iv. M Hariram	3480	6%	3480	6%
v. H Charulatha	3576	6%	3576	6%

Notes to the Financial statements
for the year ended 31 March, 2015

	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
2 RESERVES AND SURPLUS		
(a) Securities Premium Account		
Opening Balance	57.80	57.80
Addition	-	-
Deletion/Utilisation	-	-
Closing Balance	<u>57.80</u>	<u>57.80</u>
(b) Other Reserves - General Reserve		
Opening Balance	114.25	86.75
Addition	2.50	27.50
Closing Balance	<u>116.75</u>	<u>114.25</u>
(c) Surplus i.e. balance in Statement of Profit and Loss		
Opening Balance	959.08	873.13
Add: Profit for the year	250.91	273.50
<u>Less: Appropriations</u>	-	-
Proposed Dividend	100.20	136.80
Tax on Proposed dividend	19.85	23.25
Transfer to General Reserve	2.50	27.50
Value of assets, whose useful life as per new Schedule II is NIL on 1.4.2014, adjusted against retained earnings (net of tax)	3.64	
Closing Balance	<u>1,083.81</u>	<u>959.08</u>
Total Reserves & Surplus	<u>1,258.36</u>	<u>1,131.13</u>

Notes to the Financial statements
for the year ended 31 March, 2015

3 BORROWINGS	As at 31 March 2015			As at 31 March 2014			
	₹ in Lakhs			₹ in Lakhs			
	Note for security	Long Term	Short Term	Current maturities of Long-term	Long Term	Short Term	Current maturities of Long-term
Secured Borrowings							
(a) Term loans							
- From Indian Overseas Bank, Ranipet							
No.281000003		-		-	-		0.85
No.281300003		42.95		20.04	64.66		20.04
No.281200001	1	21.57		40.20	65.12		40.20
No.281200002		0.00		1.05	1.42		5.00
No.281500001		95.56		24.40			
No.281500002		109.90		27.48			
- From Others		-		-	-		-
(b) Loans repayable on demand							
- From Banks:							
Indian Overseas Bank, Ranipet - Cash Credit	2	-	436.52	-	-	405.81	-
- From Others		-	-	-	-	-	-
(c) Deferred payment Liabilities		-	-	-	-	-	-
(d) Loans and advances from related parties		-	-	-	-	-	-
(e) Other Loans and Advances							
- From Banks - HSBC Mauritius - Buyers Credit in Foreign Currency		-	-	-	-	349.36	-
- From Others		-	-	-	-	-	-
Total Secured borrowings		269.99	436.52	113.17	131.19	755.17	66.09

	Long Term	Short Term	Current maturities of Long-term	Long Term	Short Term	Current maturities of Long-term
Unsecured Borrowings						
(a) Term loans						
- From Banks						
- From Others						
(b) Loans repayable on demand						
- From Banks						
- From Others						
(c) Deferred payment Liabilities						
(d) Loans and advances from related parties						
(e) Other Loans and Advances						
- From Banks						
- From Others						
Total Unsecured borrowings	-	-	-	-	-	-
Total Borrowings	269.99	436.52	113.17	131.19	755.17	66.09

Note:

Security:

- 1 First Charge on all Fixed Assets acquired out of the Term Loan.
- 2 First Charge on all Current Assets of the Company
- 3 Documents of title to goods/accepted challans and first charge on the assets acquired out of the LC
- 4 Letter of Guarantee is against counter indemnity of the Company

Notes to the Financial statements
for the year ended 31 March, 2015

3A TERMS OF REPAYMENT OF BORROWINGS	As at 31 March 2015 ₹ in Lakhs				As at 31 March 2014 ₹ in Lakhs		
	Rate of Interest	Amount of Repayment (Bullet Installment)	Period of Repayment (yearly/Qtrly/Monthly)	Other details, if any	Amount of Repayment (Bullet Installment)	Period of Repayment (yearly/Qtrly/Monthly)	Other details, if any
	%	₹ in Lakhs	Period		₹ in Lakhs	Period	
Secured Borrowings							
(a) Term loans							
- From Indian Overseas Bank, Ranipet							
No.281300003							
No.281200001							
	BR +	0.46	1 monthly		0.46	1 monthly	
No.281500001	1.75%	3.35	18 monthly		3.35	30 monthly	
No.281500002		1.67	38 monthly		1.67	50 monthly	
No. 281500001		2.03	59 monthly				
No.281200002		2.29	60 monthly		0.42	14 monthly	
- From Others							
(b) Loans repayable on demand							
- From Banks							
	BR +						
- Indian Overseas Bank, Ranipet, Cash Credit	1.75%		On demand			On demand	
- From Others							
(c) Deferred payment Liabilities							
(d) Loans and advances from related parties							
(e) Other Loans and Advances							
	LIBOR +						
	1.1% -						
- From Banks - HSBC Mauritius - Buyers Credit in Foreign Currency	EURIBOR						
- From Others	+ 065%		180 days		-	180 days	
Unsecured Borrowings							
(a) Term loans							
- From Banks							
- From Others							
(b) Loans repayable on demand							
- From Banks							
- From Others							
(c) Deferred payment Liabilities							
(d) Loans and advances from related parties							
(e) Other Loans and Advances							
- From Banks							
- From Others							

Notes to the Financial statements
for the year ended 31 March, 2015

	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
4 DEFERRED TAX ASSETS / (LIABILITIES)		
(a) Deferred Tax Assets		
u/s 40A(7)	2.42	5.84
u/s 43B	12.74	9.76
Difference in Depreciation as per Accounts & Tax depreciation	148.31	36.37
Total	163.47	51.98
(b) Deferred Tax Liabilities		
Adjustments u/s 145A	60.97	31.07
Others (to specify)	0.00	-
Total	60.97	31.07
Net - Deferred tax Asset/(Deferred tax Liability)	102.51	20.91

	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
5 OTHER LONG TERM LIABILITIES		
(a) Trade Payables	-	-
(b) Other non-current liabilities	-	-
Other Payables	-	-
(c) Deferred Income	-	-
Total	-	-

Notes to the Financial statements
for the year ended 31 March, 2015

6 PROVISIONS	As at March 31, 2015 ₹ in Lakhs		As at March 31, 2014 ₹ in Lakhs	
	Long Term	Short Term	Long Term	Short Term
(I) Provision for employee benefits				
Post Employment Benefits:				
Gratuity	7.13	-	15.99	2.02
Pension	-	-	-	-
Other Employment Benefits:				
Compensated Leave	2.85	-	2.99	-
(II) Other provisions:				
Provision for Income tax	-	97.82	-	67.77
Provision for Wealth tax	-	-	-	-
Provisions for Warranty	-	-	-	-
Provision for Proposed Dividend	-	100.20	-	136.80
Provision for dividend distribution tax	-	19.85	-	23.25
Other Provisions - Fringe Benefit Tax	0.09	-	-	0.09
Total Provisions	10.07	217.86	18.99	229.93

Notes to the Financial statements
for the year ended 31 March, 2015

	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
7 OTHER CURRENT LIABILITIES		
(a) Trade Payables - For Goods & services	1,024.39	603.44
(b) Other current liabilities		
Current maturities of long term debt	113.17	66.09
Interest Accrued but not due on borrowings	-	1.28
Interest Accrued and due on borrowings	-	-
Income received in Advance	-	-
Unpaid dividend	-	-
Application money received for allotment of securities	-	-
Overdrawn Bank Balance as per books	-	-
Advances from customer (related parties)	-	-
Advances from customer (other parties)	18.32	2.44
Other Payables for -		
Capital goods	214.56	194.22
Cenvat	5.25	2.45
Service tax	0.29	0.43
R & D, cess	0.18	0.28
CST	2.14	1.30
VAT	9.07	7.95
TDS	12.06	13.05
Provident fund contributions	2.99	2.29
EDLI contributions	0.06	0.05
ESI contributions	0.75	0.78
TOTAL of (b)	378.84	292.61

Notes to the Financial statements
for the year ended 31 March, 2015

	Gross Block				Depreciation			Net Block			
	As at 1.4.2014	Additions for the year	Acquisition through business combination	Other Adjustments	Disposals/ Deductions	As at 31.3.2015	For the Year 1.4.2014	Other adjustments - Impairment loss/Reversal of impairment loss	Upto 31.3.2015	As at 31.3.2015	As at 31.3.2014
8 FIXED ASSETS											
I) Tangible Assets											
(a) Free Hold Lands	2.60	0.00	0.00	0.00	0.00	2.60	0.00	0.00	0.00	2.60	2.60
(b) Building ,Roads etc.	7.22	0.00	0.00	0.00	0.00	7.22	1.92	0.41	2.33	4.89	5.30
(c) Plant & Machinery	2202.94	374.54	0.00	-546.89	4.85	2025.74	1176.20	382.93	4.13	699.57	1026.75
(d) Mould	0.00	147.90		428.59		576.49	0.00	327.52	443.14	133.35	0.00
(e) Furniture & Fixtures	69.38	14.36	0.00		0.00	83.74	32.56	19.27	51.83	31.91	36.82
(f) Vehicles	23.31	0.00	0.00	0.00		23.31	11.15	5.84	0.02	6.30	12.16
(g) Office Equipment	13.46	4.53	0.00		0.67	17.31	5.30	4.41	0.44	3.16	8.16
(h) Data processing machines	17.42	2.90	0.00		0.57	19.75	12.63	4.98	0.54	2.23	4.79
(i) Electrical Fittings		7.51	0.00	91.46		98.96	0.00	17.91	53.21	27.84	0.00
Tangible Assets - Total	2336.32	551.73	0.00	-26.85	6.09	2855.11	1239.75	763.26	5.11	851.84	1096.56
II) Intangible Assets											
(a) Computer Software	8.65	3.61	0.00	0.00	0.00	12.27	4.51	1.16	5.66	6.61	4.15
(b) Others (Specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible Assets - Total	8.65	3.61	0.00	0.00	0.00	12.27	4.51	1.16	0.00	6.61	4.15
III) CWIP (Excluding Capital Advances)	0.39	-0.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.39
IV) Intangible assets under development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	2345.36	554.96	0.00	-26.85	6.09	2867.37	1244.26	764.42	5.11	858.44	1101.10
As at 31 March 2014	2030.37	439.42	0.00	34.38	158.80	2345.36	1028.98	289.93	21.96	1101.10	1001.38

Notes to the Financial statements
for the year ended 31 March, 2015

9 INVESTMENTS	Number of Shares / Units	Face Value Per Unit ₹	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
(I) Non current Investments			-	-
(a) Investment Property			-	-
(b) Trade Investments (Valued at cost unless stated otherwise)				
(i) Quoted			-	-
(ii) Unquoted				
Investment in subsidiaries			-	-
Investment in Joint ventures			-	-
Investment in other companies			-	-
(c) Non Trade Investments (Valued at cost unless stated otherwise)				
(i) Quoted (Others)			-	-
(ii) Un Quoted (Equity / Preference shares)			-	-
Debentures				
Investments in partnership firms			-	-
Aggregate provision for diminution in value of Investments			-	-
Aggregate amount of Quoted Investments			-	-
Aggregate amount of unquoted Investments			-	-
Value of Investment in property			-	-
Total Non - current Investments			-	-

	Number of Shares / Units	Face Value Per Unit ₹	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
(II) Current Investments				
(a) Current portion of long term investments (valued at cost)			-	-
(b) Investments in Mutual Funds			-	-
Total Investments			-	-

Notes to the Financial statements
for the year ended 31 March, 2015

	As at 31 March 2015		As at 31 March 2014	
	₹ in Lakhs		₹ in Lakhs	
10 LOANS AND ADVANCES	Long term	Short term	Long term	Short term
(a) Capital Advances (Unsecured, Considered Good)	-	-	-	-
Advance to Suppliers	-	7.10	-	0.40
(b) Security Deposits (Unsecured, Considered Good)				
Power, Telephones, Sales Tax, etc	24.79	-	11.12	-
Rental Deposit	55.18	-	51.68	-
(c) Loans and advances to related parties (Unsecured and considered Good)				
i.	-	-	-	-
Considered doubtful				
i.	-	-	-	-
(d) Other loans and advances (Unsecured, considered Good)				
i Payment of Income Tax including TDS	41.22	-	62.22	-
ii Payment of Fringe Benefit Tax (net of Provision)	0.28	-	0.28	-
iii Advance against Orders	-	1.08	-	2.29
iv Advance to Staff	-	4.85	0.63	6.22
v Excise duty & VAT input credits receivable	389.21	-	261.75	12.54
vi Other Advances (Recoverable in cash or in kind or for value to be received)	3.22	15.31	3.22	18.46
vii TCS Receivables	-	-	-	-
Considered doubtful				
i	-	-	-	-
Gross Loans and Advances	513.89	28.34	390.89	39.91
(e) Less: Provision for bad & doubtful loans & advances	-	-	-	-
Total loans and advances	513.89	28.34	390.89	39.91

Notes to the Financial statements
for the year ended 31 March, 2015

	As at 31 March 2015		As at 31 March 2014	
	₹ in Lakhs		₹ in Lakhs	
11 OTHER ASSETS	Non Current	Current	Non Current	Current
(a) <u>Long term Trade receivable (including trade receivable on deferred credit terms)</u>				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	-	-
Doubtful	-	-	-	-
(b) <u>Others</u>				
i Interest accrued on investments	-	-	-	-
ii Unrealised premium on forward cover	-	-	-	-
iii Interest accrued on deposits, loans and advances	-	-	-	0.49
iv Other current assets	-	39.27	-	-
Total other assets	-	39.27	-	0.49

Notes to the Financial statements
for the year ended 31 March, 2015

	As at	As at
	March 31, 2015	March 31, 2014
	₹ In Lakhs	₹ In Lakhs
12 INVENTORIES (Valued at Lower of cost or net realizable value)		
(a) Raw Material	322.09	223.88
Add: Stock in transit	-	-
(b) Work-in-Progress	58.14	13.82
Add: Stock in transit		
(c) Finished Goods (Manufactured Goods)	84.05	27.18
Add: Stock in transit		
(d) Stock in Trade (Trading business)	58.38	16.04
Add: Stock in transit		-
(e) Consumables	123.86	43.70
Add: Stock in transit	-	2.43
(f) Packing Material	1.01	0.31
Add: Stock in transit	-	-
TOTAL	647.53	327.37

Notes to the Financial statements
for the year ended 31 March, 2015

	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
13 TRADE RECEIVABLES		
(a) <u>Outstanding for a period exceeding six months from the date they are due for payment</u>		
Secured, Considered good	-	-
Unsecured, Considered good	4.28	15.87
Doubtful	-	-
Provision for doubtful receivables	-	-
(A)	4.28	15.87
(b) <u>Other Receivables</u>		
Secured, Considered good	-	-
Unsecured, Considered good	1,197.94	777.42
Doubtful	-	-
Provision for doubtful receivables	-	-
(B)	1,197.94	777.42
(c) <u>Debts due by companies in which director is a director</u>		
Secured, Considered good	-	-
Unsecured, Considered good	185.08	298.28
Doubtful	-	-
	185.08	298.28
Provision for doubtful receivables	-	-
(c)	185.08	298.28
Total (A)+(B)+(C)	1,387.30	1,091.57

Notes to the Financial statements
for the year ended 31 March, 2015

	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
14 CASH AND BANK BALANCES		
Cash and Cash Equivalents		
(a) Balances with banks :		
on current accounts	12.15	83.50
Deposits with original maturity of less than three months	-	-
(b) Cheques / draft on hand	-	-
(c) Unpaid matured deposits	-	-
(d) Cash on hand	1.21	0.16
(e) Remittance in transit	-	-
Other bank balances		
(a) Deposits with original maturity of more than 12 months (Under lien as Collateral security for limits sanctioned by Indian overseas bank)	-	102.03
(b) Deposits with original maturity of more than 3 months but less than 12 months	-	-
(c) Margin money deposit	11.39	10.54
Total	24.75	196.23

Notes to the Financial statements
for the year ended 31 March, 2015

	For the year ended March 31, 2015 ₹ in Lakhs	For the year ended March 31, 2014 ₹ in Lakhs
15 REVENUE FROM OPERATIONS		
(a) Sale of Products		
Finished Goods	5,061.22	3,836.41
Traded Goods	71.04	74.18
(b) Sale of Services	347.86	444.19
(c) Other Operating Revenues		
i Incentives	-	-
ii Premium/Loss on Export Incentive Sold	-	-
iii Service Charges	-	-
iv Scrap & Bi Product Sales	3.83	4.25
v Cash Discount Received	-	-
vi Others	-	-
Revenue from operations (Gross)	5,483.95	4,359.02
Less: Excise duty	296.28	275.78
Revenue from Operations (Net)	5,187.68	4,083.24

	For the year ended March 31, 2015 ₹ in Lakhs	For the year ended March 31, 2014 ₹ in Lakhs
16 OTHER INCOME		
(a) Interest Income		
Bank Deposits	2.29	1.82
TNEB Deposit	-	-
Others	24.05	8.58
(b) Dividend Income		
Dividend from Non Current Investments	-	-
Dividend from Current Investments	-	-
(c) Foreign Exchange gains	59.93	0.00
(d) Gain / (Loss) on sale of Fixed assets (Net)	64.70	0.46
(e) Profit on sale of Investments (Net)		
(f) Provision no longer required written back	-	-
(g) Mould Development Charges	3.64	
(h) Rental Income	-	-
(i) Miscellaneous Income	261.31	182.20
Total	415.91	193.05

Notes to the Financial statements
for the year ended 31 March, 2015

	For the year ended March 31, 2015 ₹ in Lakhs	For the year ended March 31, 2014 ₹ in Lakhs
17 COST OF MATERIALS CONSUMED, INCLUDING CONSUMABLES		
Inventory at the beginning of the year	267.59	304.19
<u>Add:</u> Purchases	2,744.67	1,786.70
Duty, Clearing, Forwarding and other charges	92.10	64.18
<u>Less:</u> Inventory at the end of the year	445.95	267.59
Cost of Materials consumed	2,658.41	1,887.49

	For the year ended March 31, 2015 ₹ in Lakhs	For the year ended March 31, 2014 ₹ in Lakhs
18 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE		
(a) Inventories at the beginning of the year		
Work in progress - Shoe soles	13.82	-
Finished goods - Shoe Soles	27.18	72.86
	<u>41.01</u>	<u>72.86</u>
(b) Inventories at the end of the year		
Work in progress - Shoe soles	58.14	13.82
Finished goods - Shoe Soles	84.05	27.18
	<u>142.19</u>	<u>41.01</u>
Changes in inventories of finished goods, work in progress and stock in trade	-101.18	31.85

Notes to the Financial statements
for the year ended 31 March, 2015

	For the year ended March 31, 2015 ₹ in Lakhs	For the year ended March 31, 2014 ₹ in Lakhs
21 OTHER EXPENSES		
Consumption of Stores and Spare Parts	63.94	29.83
Job Work Charges Paid for Soles	5.08	22.31
Power and Fuel	203.86	169.83
Rent	93.22	89.30
Repairs & Maintenance:		
-Building	18.65	14.71
-Machinery	57.40	44.90
-Others	39.41	31.15
Insurance	3.53	2.94
Rates & Taxes (excluding taxes on Income)	2.45	2.47
Auditors Remuneration:		
As Auditor	3.50	3.00
Taxation matters	-	-
Company Law Matter	-	-
Management Services	-	-
Other Services - Certification	-	-
Reimbursement of expenses	-	-
VAT paid	209.57	152.04
Sales Expenses	89.76	37.76
Amortization of expenses	-	-
Foreign exchange fluctuations	-	25.64
Loss on sale of Fixed Assets (net)	-	-
Loss on sale of Investments (net)	-	-
Provision for doubtful debts/ Advances	-	-
Miscellaneous Expenses (< 1% of revenue from operations)	149.96	168.34
Impairment of assets (Moulds)	-	54.03
Prior period items	4.73	46.27
	945.05	894.53

	For the year ended March 31, 2015 ₹ in Lakhs	For the year ended March 31, 2014 ₹ in Lakhs
22 EXCEPTIONAL ITEMS		
Depreciation of earlier years, consequent to non recoverability & consequential reversing IDLS Grant taken in earlier years.	-	21.96
Total	-	21.96

Notes to the Financial statements
for the year ended 31 March, 2015

23

I. ADDITIONAL INFORMATION PERSUANT TO PART I OF SCHEDULE VI		
	As at March 31, 2015 ₹ In Lakhs	As at March 31, 2014 ₹ In Lakhs
i) CONTINGENT LIABILITIES AND COMMITMENTS		
The disclosures required under this head are made under, Disclosures pursuant to Accounting Standards - Note 23 IV(ix)		
ii) Dividend proposed to be distributed to Equity shareholders	100.20	136.80
Dividend Per Equity share - ₹ / Share	167.00	228.00
II. ADDITIONAL INFORMATION PERSUANT TO PART II OF SCHEDULE VI		
	For the year ended March 31, 2015 ₹ In Lakhs	For the year ended March 31, 2014 ₹ In Lakhs
i) SALE OF PRODUCTS		
MANUFACTURED GOODS		
Shoe Soles -	4,762.50	3,555.27
Cenvat, Cess & S.H.E cess collected	298.72	281.14
Total	5,061.22	3,836.41
TRADED GOODS		
Moulds -	124.38	39.24
Consumables	0.23	-
Rawmaterials	12.70	34.94
Total	137.32	74.18
ii) SALE OF SERVICES		
Shoe sole Job work charges	347.86	437.81
Mould correction charges	-	6.38
	347.86	444.19

Notes to the Financial statements
for the year ended 31 March, 2015

	For the year ended March 31, 2015 ₹ in Lakhs	For the year ended March 31, 2014 ₹ in Lakhs
19 EMPLOYEE BENEFITS EXPENSE		
(a) Salaries & Wages	702.57	550.32
(b) Contribution to Provident & Superannuation Funds	27.01	25.87
(c) Staff welfare expenses	47.66	39.94
Total	777.24	616.13

	For the year ended March 31, 2015 ₹ in Lakhs	For the year ended March 31, 2014 ₹ in Lakhs
20 FINANCE COST		
(a) Interest Expense on Term Loans from IOB	21.57	19.72
Interest Expense on Term Loans from Others	-	-
Interest on Working capital loan from IOB	37.63	30.47
Interest on other loans, etc.	3.28	2.80
Finance Charges on Finance Lease	-	-
(b) Other borrowing costs	-	-
(c) Gain/loss on Foreign Exchange Translation (Pertaining to borrowings)	-	17.58
	62.48	70.56
Less: Interest Capitalised	-	-
Total	62.48	70.56

23 contd.

iii) CONSUMPTION OF RAW MATERIALS, INTERMEDIATES & COMPONENTS

RAW MATERIALS

PVC -	Imported	359.16	622.20
	Indigenous	77.61	54.37
TPR -	Imported	2.63	13.92
	Indigenous	554.96	411.30
TPU -	Imported	169.30	1.52
	Indigenous	919.77	537.90

CONSUMABLES

Imported	134.83	7.50
Indigenous	440.16	238.76

2658.41 1887.49

iv) CIF VALUE OF IMPORTS IN RESPECT OF:

Raw materials	770.00	560.77
Components & spare parts	41.33	17.89
Capital goods	404.09	360.74

v) EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF:

Royalty, know how, professional & consultation fees	5.14	5.52
Interest	3.23	-
Other matters -		
Foreign travel	1.91	3.44
Commission	-	31.47

vi) CONSUMPTION OF IMPORTED & INDIGENOUS GOODS

	For the year ended March 31, 2015		For the year ended March 31, 2014	
	<u>IMPORTED</u>	<u>INDIGENOUS</u>	<u>IMPORTED</u>	<u>INDIGENOUS</u>
Raw materials	531.09	1552.33	637.65	1003.57
	25%	75%	39%	61%
Spare parts	39.08	24.86	17.89	11.93
	61%	39%	60%	40%
Consumables & Components	134.83	440.16	7.50	238.76
	23%	77%	3%	97%

For the year ended
March 31, 2015 For the year ended
March 31, 2014

vii) EARNING IN FOREIGN EXCHANGE

Exports (F.O.B)	580.32	438.14
Royalty, know-how, professional & consultation fee	-	-
Interest & Dividend	-	-
Other income - Mould cost recoveries	-	3.39

NOTES TO FINANCIAL STATEMENTS

For the year ended 31.3.2015

23. (Contd.)

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

i) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements:

The financial statements have been prepared under the historical cost convention, in accordance with generally accepted accounting principles and as a going concern. Accounting policies not specifically referred to otherwise, are consistent with generally accepted accounting principles and will be consistently followed by the company.

b) Method of accounting:

The company will generally follow the mercantile system of accounting recognising revenues, costs, assets and liabilities that have a material bearing on the financial statements, on accrual basis. Claims in respect of shortage/quality in respect of raw materials and finished goods will be deemed to accrue and be recognised in the accounts only on acceptance of the claim by the supplier or the customer as the case may be, as the realization of the claims is uncertain and their quantification and settlement cannot be made with reasonable assurance.

c) Revenue Recognition:

Sales will be recognised net of sales tax, returns and trade discounts. The company will recognise sales at the point of despatch of goods to the customers. Job work charges, Discounts & rebates, royalty, technical know how/fees and licensing income will be recognised as revenue, when earned, in accordance with the terms of the relevant agreements.

d) Use of Estimates:

The preparation of financial statements requires estimates and assumptions, which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. Provisions involving substantial degree of estimation in measurement will be recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. The difference between the actual results and estimates will be recognised in the period in which the results are known or materialised.

e) Inventories:

Inventories will be valued at 'Lower of cost and net realisable value'. The cost of raw materials and consumables that are segregated for specific orders will be ascertained by "specific identification of their individual costs". The cost of inventories, other than those aforesaid, will be assigned by using the average cost method. The 'net realisable value' and valuation of all inventories will be certified by the management. Consumables & moulds, acquired from customers free of cost, for which clearing charges and customs duty are incurred by the company, are written off in the year of acquisition and are not taken as closing stock, as the consumables/moulds belong to the customer.

f) Investments:

Investments will be stated at cost of acquisition including costs incidental to acquisition. Long Term investments will be individually valued at cost, less provision for diminution other than temporary. Current investments will be valued at lower of cost or Fair Value, for each category.

g) Fixed assets:

Fixed assets will be stated at cost of acquisition/construction less accumulated depreciation. Advances paid for acquisition of fixed assets and cost of fixed assets that are not yet ready for their intended use as at the Balance sheet date will be treated as Capital work in progress.

h) Depreciation:

Depreciation on fixed assets was provided on the written down value method in accordance with rates specified in Schedule XIV to The Companies Act, 1956, upto 31.3.2014. Consequent to the provisions of The Companies Act, 2013, notified w.e.f 1.4.2014, Depreciation will continue to be provided on the 'written down value' method, on the basis of the 'useful life' specified in Schedule II of The Companies Act, 2013, on all assets, except 'moulds'.

Moulds will be depreciated / amortised, over a period of estimated 'useful life' of 3 years (which is shorter than 15 years specified in Schedule II) the under the 'straight line method', in accordance with the policy laid down by the Board in the year 2013-14, as they are always designed for the manufacture of specific designs of shoes, whose style is unlikely to last beyond 3 years. The 'residual value' of all assets, for the purpose of computing Depreciation in accordance with Schedule II, has been taken at 1% of the cost of the asset, as against the higher figure of 5% prescribed in Schedule II. Technical advice has been obtained, in respect of both the above deviations from Schedule II, which are more prudent, as they result in the provision of higher depreciation, than that would be computed by adopting Schedule II.

The 'useful life' specified in Part C of Schedule II and adopted in the accounts, subject to the deviation above, is for whole of the asset. However, Schedule II further provides that, where the cost of a part of the asset is significant to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part shall be determined separately. However, as this requirement has been mandatory only w.e.f 1.4.2015, as per the Notification No.G.S.R.627(E) dated 29.8.2014 by the Ministry of Corporate affairs, this will be implemented from 1.4.2015.

i) Impairment of assets:

At each Balance sheet date, the management will assess whether there is any indication that any asset, may be impaired. If any such indication exists, the carrying value of such assets will be reduced to its estimated recoverable amount and the amount of such impairment loss will be charged to the statement of profit and loss. If, at the Balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount will be reassessed and the asset will be reflected at the recoverable amount subject to a maximum of depreciated historical cost.

j) Intangible Assets:

Intangible Assets will be initially measured at cost and amortized on straight line basis over the period in which the asset's economic benefits are expected to be consumed, which shall not exceed 10 years. Expenditure on Software with license period exceeding 1 year, would be amortised over the higher of the period of license or 4 years, on straight line basis.

k) Government grants:

Government Grants related to specific depreciable fixed assets will be deducted from the cost of the specific asset or the "Block of Assets" in which the specific asset is included.

Grants which are not related to any specific fixed assets and grants relating to specific non-depreciable fixed assets will be credited to capital reserve.

Grants related to revenue expenditure will be recognised so as to match them with the related costs which they are intended to compensate.

l) Foreign currency transactions:

Foreign currency transactions will be recorded at the exchange rates prevailing on the date of such transactions. Foreign currency monetary items will be translated at the rates of Exchange prevailing at the date of Balance sheet. Gain/Loss arising on account of differences in Foreign exchange Rates on settlement/translation of monetary items will be recognised in the Statement of Profit & Loss. Non Monetary items will be carried at historical cost at the exchange rate on the date of the transaction.

Forward exchange contracts for the acquisition or delivery of foreign exchange will, be accounted at the time of entering into the contract. The premium or discount arising at the inception of Forward exchange contracts will be amortised as expense or income over the life of the contract. Exchange Differences on Forward exchange contracts will be recognized in the Statement of Profit and loss in the reporting period in which the exchange rates change. Profit or Loss arising on cancellation or renewal of Forward Exchange contracts will be recognized as income or as expense for the period.

m) Employee Benefits:

Contributions to defined contribution plans, such as EPF and ESI, which are payable at a specified percentage of the payroll costs, will be recognised as an expense in the year in which the contribution becomes payable in accordance with the relevant statutes.

The company has commenced making annual contributions to an independent trust under the Employees Group Gratuity-cum-Life assurance scheme of the Life insurance corporation of India, a funded defined benefit plan for qualifying employees. Contributions to the aforesaid 'defined benefit plan', which are determined by LIC on the basis of actuarial valuation by LIC, will be reduced from the provision for payment of Gratuity. The present value of this obligation will be ascertained by actuarial valuation, using the projected unit credit method. Actuarial gains or losses will be immediately recognised in the profit and loss account.

Short Term Employee benefits Payable within Twelve months of Rendering Service including Accumulated Leave Encashment at the Balance sheet date will be recognized as an expense as per the company's scheme based on expected obligations on undiscounted basis.

n) Borrowing Costs:

All borrowing costs are charged to revenue except to the extent that they are attributable to 'Qualifying Assets', which are capitalised.

o) Income tax:

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

Deferred tax assets and liabilities, will be recognized for the future tax consequences attributable to timing differences between the financial statements' carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

Deferred tax assets and liabilities will be measured on the timing differences applying the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets will be recognized only if there is virtual certainty that they will be realized by way of future taxable income. Deferred tax assets will be reviewed for appropriateness of their carrying amounts at each Balance Sheet date.

Changes in deferred tax assets and liabilities between one Balance Sheet date and the next will be recognized in the Statement of Profit and Loss in the year of change. The effect on deferred tax assets and liabilities of a change in tax rates will be recognized in the Statement of Profit and Loss in the year of change.

p) Contingent liabilities and Contingent assets:

No provision will be made for liabilities which are contingent in nature. Contingent assets will neither be recognised nor disclosed in the financial statements.

ii) **OTHER EXPLANATORY INFORMATION**

- a) The figures for the previous year have been regrouped / restated wherever necessary, to confirm to Schedule II to The Companies Act, 1956.
- b) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule II to the Companies Act, 2013. The Company's normal operating cycle is 12 months, based on the time between receipt of orders and acquisition of resources for manufacture/processing and the realization on sale of finished goods/services in cash or cash equivalents.
- c) In terms of Sec.22 of the Micro, Small and Medium enterprises Act, 2006, certain disclosures are required to be made, relating to transactions with the aforesaid enterprises, registered under the said Act. In the absence of information about registration of the enterprises under the above Act, inspite of requisition by the company, and there being no claims from any person in respect of interest, if any, on overdue payments, it is not possible to quantify or make the required disclosures.
- d) The company is engaged in the manufacture of shoe soles and related job works in India and also export of shoe soles. The management is of the opinion that there is neither more than 1 Business segment nor more than 1 Geographical segment. As in the opinion of the management, there are no identifiable segments, AS 17 - 'Segment reporting' is not applicable.
- e) Confirmation of balances from most debtors and creditors has not been received till the date of completion of audit, although they have been requested for immediately after the financial year under report.
- f) The remuneration of the Managing Director for the year ended 31.3.2015, who is presently being paid Rs.48 lakhs as per his contract in 2010, was increased to Rs.87.30 lakhs by a 'special resolution' in the Extra ordinary General meeting of the Company on 5.3.2015. However, as the revised remuneration exceeds the limit specified in Sec.197 of The Companies Act, 2013 and prior approval of the Central Government is required u/s 197(3) of The Companies Act, 2013, the revised remuneration will be provided for / disbursed, only in the year in which the approval is obtained.

23. contd.

IV. DISCLOSURES UNDER ACCOUNTING STANDARDS

i) OUTSTANDING FORWARD CONTRACTS ON BALANCE SHEET DATE

As at **As at**
March 31, 2015 **March 31, 2014**
₹ in Lakhs ₹ in Lakhs

a. Export receivables of the company that have been hedged by Forward Contracts

b. Import payables of the company that have been hedged by Forward Contracts:

	EURO		GBP		USD	
		₹ in Lakhs		₹ in Lakhs		₹ in Lakhs
For the year ended March 31, 2015	0.54	39.46	-	-	-	-
For the year ended March 31, 2014	-	-	-	-	-	-

c. Exposure in Foreign currency & their Equivalent value in Rupees on Balance sheet date

	EURO		GBP		USD	
		₹ in Lakhs		₹ in Lakhs		₹ in Lakhs
Receivables	0.03	1.93	-	-	0.01	0.89
	0.17	13.52	-	-	-	-
Payables	2.80	190.24	-	-	3.23	202.78
	3.58	295.96	-	-	-	-
Advances made	-	-	-	-	-	-
Advances received	-	-	-	-	-	-
Loans borrowed	-	-	-	-	0.04	2.11
	4.23	349.36	-	-	-	-
Balance with Banks	-	-	-	-	-	-
	-	-	-	-	0.13	7.67

ii) GOVERNMENT GRANTS

a. Rs.20.16 Lakhs in respect of Plant & Machinery purchased during earlier years, being 15% Capital Subsidy for MSM enterprises, have been deducted from the cost of respective Plant & Machinery.

b. Rs.92.28 lakhs, being Integrated Development Leather Subsidy received, has been deducted from the cost of respective assets, in the earlier years.

Notes to the Financial statements
for the year ended 31 March, 2015

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iii) EMPLOYEE BENEFITS:

I. DEFINED CONTRIBUTION PLANS

Defined contributions to Employee's provident, State Insurance and EDLI funds are recognised in the statement of profit and loss of the year.

	For the year ended March 31, 2015	For the year ended March 31, 2014
	₹ in Lakhs	₹ in Lakhs
Provident fund	16.49	14.99
ESI	8.32	8.84
EDLI Fund	0.69	0.62

II. DEFINED BENEFIT PLANS

Liability for Gratuity payable on cessation of service of employees is in the nature of defined benefit plan and is provided on the basis of an actuarial valuation using Projected Unit Credit method at the end of each financial year. Actuarial Gains or losses are immediately recognised in the statement of profit and loss. Employees who have completed 5 years of service are eligible for payment of Gratuity.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of Gratuity net benefit expense recognised in the Statement of profit and loss in Note 19 and the funded status and amounts recognised in the balance sheet for the gratuity plan.

	<u>GRATUITY</u> (Funded) For the year ended March 31, 2015 ₹ in Lakhs	<u>GRATUITY</u> (Unfunded) For the year ended March 31, 2014 ₹ in Lakhs
1. RECONCILIATION OF OPENING AND CLOSING BALANCES OF DEFINED BENEFIT OBLIGATION PLAN		
Present Value of Defined Benefit obligation at the beginning of the year	18.01	11.33
Interest Cost	1.64	0.90
Current Service Cost	5.71	4.60
Past Service Cost	-	-
Curtailment Cost	-	-
Settlement Cost	-	-
Benefits Paid	-	-
Actuarial (gain) / loss	-1.00	1.18
Present Value of Defined Benefit obligation at the end of the year	24.36	18.01
2. RECONCILIATION OF OPENING AND CLOSING BALANCES OF FAIR VALUE OF PLAN ASSETS		
Fair Value of Plan Assets as at the beginning of the year	0.00	-
Add: Expected Return on Assets	0.00	-
Add: Contributions made	16.60	-
Less: Benefits Paid out of Assets	0.00	-
Actuarial Gain/(Loss) On Plan Assets	0.64	-
Fair Value of Plan Assets as at the end of the year	17.24	-
Expected Employer contribution for the coming year	10.00	-
Actual return on plan assets	0.64	-

Notes to the Financial statements
for the year ended 31 March, 2015

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	For the year ended March 31, 2015 ₹ in Lakhs	For the year ended March 31, 2014 ₹ in Lakhs
3. EXPENSE RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS FOR THE YEAR, IN STAFF WELFARE EXPENSES UNDER THE HEAD, EMPLOYEE BENEFIT EXPENSES - NOTE NO.19		
Interest Cost	1.64	0.90
Current Service Cost	5.71	4.60
Past Service Cost	-	-
Expected Return on Plan Assets	-0.64	-
Curtailment Cost	-	-
Settlement Cost	-	-
Net Actuarial (gain) / loss	-1.00	1.18
Net Expense recognized in P&L a/c	5.71	6.68
4. NET ASSET / (LIABILITY) RECOGNISED IN THE BALANCE SHEET AS AT 31ST MARCH		
Present Value of Obligation	24.36	18.01
Fair value of Plan assets	17.24	-
Net Asset / (Liability) as at 31 st March	7.12	18.01
5. PERCENTAGE BREAK DOWN OF TOTAL PLAN ASSETS		
Insurer Managed Funds (Non unit Linked)	100%	-
6. PRINCIPAL ACTUARIAL ASSUMPTIONS		
Interest Rate (Liabilities)	7.80%	
Return on Assets	8.75%	
Mortality Table	IALM 1994-96(Ult)	
Expected average remaining working life (years)	8	
Resignation Rate per annum	10.00%	
Salary Escalation Rate	7.00%	
The estimates of future salary increases, takes into account inflation, seniority, promotion, attrition and relevant factors, such as supply and demand in the employment market.		
7. EXPERIENCE ADJUSTMENTS		
Defined benefit obligations	24.36	18.01
Fair value of plan assets	17.24	-
Funded position [Surplus/(Deficit)]	-7.12	-18.01
Experience adjustment on plan liabilities: (Gain)/Loss	-3.14	2.71
Experience adjustment on plan assets: (Gain)/Loss	N.A	N.A

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iv) RELATED PARTY DISCLOSURES	
a) Related parties and their relationship	
1. Holding co:	Tata International Ltd.
2. Associates of Holding co:	Accordian Investments (Proprietary) Limited IHMS Hotels (South Africa) (Proprietary) Limited Newshelf 919 (Proprietary) Limited Tata Motors (SA) (Proprietary) Limited A.O. Avron Consilience Technologies (Proprietary) Limited Tata Ceramics Limited
3. Joint Ventures of Holding co:	Tata International DLT Private Limited Tata Precision Industries (India) Limited Rite Brand Retail Private Limited Itezhi Tezhi Power Corporation Limited (ceased w.e.f. 25.03.2015) Tata International Wolverine Brands Limited Tata International GST AutoLeather Limited (w.e.f. 13.03.2014)
4. Fellow subsidiaries:	M'Pumalanga Mining Resources SA Tata Africa Holdings (SA) (Proprietary) Limited Tata South-East Asia Limited Tata West Asia FZE Tata Africa Holdings (Ghana) Limited TATA Africa Holdings (Kenya) Limited Tata Africa Holdings (Tanzania) Limited Tata Africa Services (Nigeria) Limited Tata Africa Steel Processors (Proprietary) Limited Tata Automobile Corporation (SA) (Proprietary) Ltd Tata Uganda Limited Tata Zambia Limited Blackwood Hodge Zimbabwe (Private) Limited TIL Leather Mauritius Limited TAHL (Mauritius) Power Projects Limited Tata International Singapore Pte Limited Tata Zimbabwe (Private) Limited Monroa Portugal, Comércio E Serviços, Unipessoal LDA Move On Retail Spain, S.L. Tata Africa (Senegal) S.A.R.L. Tata Holdings Mocambique Limitada Tata International Trading Brasil Ltda Tata De Mocambique, Limitada Cometal, S.A.R.L. Move On Componentes E Calçado, S.A. Tata Africa (Cote D'Ivoire) SARL Pamodzi Hotels Plc Bachi Shoes Limited Bachi shoes Limited Calsea Footwear Private Limited Drive India Enterprise Solutions Limited TAH Pharmaceuticals Limited TAHL (Mauritius) Mining Projects Limited Alliance Motors Ghana Limited Tata International Metals (Americas) Limited (formerly Tata Steel International (North America) Limited) Tata International Metals (Asia) Limited (formerly Tata Steel Tata International Metals (UK) Limited (formerly Tata Steel Industrial Steels Limited Tata South East Asia (Cambodia) Limited Tata Nambla (Proprietary) limited (de-registered w.e.f. 16.8.2013) Tata International West Asia DMCC (w.e.f. 06.11.2014) Unitech Motors S. A (w.e.f. 23.03.2015)
5. Individuals owning voting power giving control or significant influence:	Nil
6. Key management personnel:	M. Hariram & P.V.Gopalakrishna
7. <u>Enterprises over which No.5 & 6 can exercise significant influence</u>	
M.Hariram	Euro Labels Pvt. Ltd. Euro Plast Components Euro lable Industries
P.V.Gopalakrishna	Bachi shoes ltd. Jai Bharath tanners Spectraa leathers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Equity Shares Subscription	-	-	-	-	-	-	-
Loan Converted to Share Application Money	-	-	-	-	-	-	-
Loan/ICD given	-	-	-	-	-	-	-
Loan / ICD refunded	-	-	-	-	-	-	-
Purchase of Import License	-	-	-	-	-	-	-
Commssion paid	-	-	-	-	-	-	-
Rent	-	-	-	-	-	3.60	3.60
Bad Debts	-	-	-	-	-	3.60	3.60
Reimbursement of expenses	9.99	-	-	0.25	-	-	10.31
	2.06	-	-	-	-	-	2.06
Discount & Rebate	25.00	-	-	0.15	-	-	25.15
Managerial Remuneration	-	-	-	-	-	72.00	72.00
Assets sold	-	-	-	-	-	72.00	72.00
Assets purchased	16.40	-	-	7.52	-	-	23.92
	3.99	-	-	-	-	-	4.56
Outstanding on 31.3.2015							
Debtors	413.23	-	-	361.99	-	0.94	776.24
	286.41	-	-	439.07	-	-	727.14
Creditors	-	-	-	-	-	8.56	15.74
Loans	-	-	-	-	-	12.71	18.21
Interest Receivable	-	-	-	-	-	-	-
Share subscription money pending allotment	-	-	-	-	-	-	-
Advance Received	-	-	-	-	-	-	-
Advance Given	-	-	-	-	-	-	-

Notes to the Financial statements
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v) LEASES

The Company has entered into Rental Agreements for taking Factory premises & Staff quarters, etc. on rent for tenure ranging between 2 to 10 years, which are in the nature of operating leases, renewable by mutual consent on agreed terms. Lease payments are recognised as 'Rent' under the head 'Other expenses' in Note 21 to the Statement of Profit and loss.

Particulars	As at	As at
	March 31, 2015	March 31, 2014
	₹ in Lakhs	₹ in Lakhs
A Operating Lease:		
1 Where the assets are taken on lease		
(a) Future Minimum Lease Payments:		
Not Later than One year	103.85	95.89
Later than one year but not later than 5 years	557.53	524.65
Later than five years	504.36	611.52
Total	1165.74	1232.06
(b) Total lease payments charged to the Statement of profit and loss for the year	93.22	89.30
2 Where the assets are given on lease		
(a) Future Minimum Lease Payments:		
Not Later than One year	-	-
Later than one year but not later than 5 years	-	-
Later than five years	-	-
Total	-	-
(b) Total lease receipts recognised in the statement of profit and loss for the year	-	-
B Finance Lease:		
1 Where the assets are taken on lease	-	-
2 Where the assets are given on lease	-	-

Notes to the Financial statements
for the year ended 31 March, 2015

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vi) <u>EARNINGS PER SHARE</u>	For the year ended	
	March 31, 2015	March 31, 2014
	₹ in Lakhs	₹ in Lakhs
Profit Available to Equity shareholders	250.91	273.50
Weighted Average number of Equity shares (Nos) (Present & potential)	60000	60000
Nominal Value Per Equity Share (Rs.)	10.00	10.00
Earnings per share - Basic & diluted (Rs.)		
- Before extraordinary items - ₹ / Share	418.18	455.83
- After extraordinary items - ₹ / Share	418.18	455.83

vii) <u>MOVEMENT OF PROVISIONS</u>				
1 <u>Gratuity</u>	As at March 31, 2015		As at March 31, 2014	
	₹ in Lakhs		₹ in Lakhs	
	Long Term	Short Term	Long Term	Short Term
Opening Balance at the beginning of the year	18.01	-	11.33	-
Addition during the year	5.71	-	6.68	-
Reversal / utilisation/funded	16.60	-	-	-
Closing balance	7.12	-	18.01	-
2 <u>Fringe Benefit Tax</u>				
Opening Balance at the beginning of the year	0.09	-	0.09	-
Addition during the year	-	-	-	-
Reversal / utilisation	-	-	-	-
Closing balance	0.09	-	0.09	-
3 <u>Income Tax</u>				
Opening Balance at the beginning of the year	-	67.77	-	-
Addition during the year	-	97.82	-	67.77
Reversal / utilisation	-	67.77	-	-
Closing balance	-	97.82	-	67.77

Notes to the Financial statements
for the year ended 31 March, 2015

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viii) IMPAIRMENT LOSSES	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
Losses on impairment of assets (moulds), in Note 21 - under the head 'Other expenses', in the Statement of profit and loss	-	54.03

ix) CONTINGENT LIABILITIES	As at March 31, 2015 ₹ in Lakhs	As at March 31, 2014 ₹ in Lakhs
1 Claims against the company not acknowledge as debt		
Sales tax	-	-
Income tax	-	-
Excise duty	-	-
Service tax	-	-
Customs duty	-	-
Others:	-	-
2 Guarantees given		
Counter Guarantee to Indian overseas Bank, in respect of Guarantees totalling to	37.32	55.75
3 Other money for which the company is contingently liable	-	-
a. Bills discounted not matured	-	-
b. Acceptances & endorsements by Bank	-	-
c. Unexpired letters of credit	385.10	252.23
4 Commitments		
a. Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	-	0.68
b. Uncalled liability in shares and other investments partly paid	-	-
c. Other commitments:	-	-
Import duty, waived on the import of machinery under 4 EPCG licenses, is repayable with interest and penalty, in the event of non fulfillment of the Export obligation (Rs.1090.12 lakhs as at 31.3.2014) within the period of 6 & 8 years as stipulated in the respective licenses - which commitment has been fulfilled during the year	-	278.61
Foreign Letters of credit issued by Indian overseas bank for purchase of Machinery & Raw material	322.95	132.69
In respect of Bills under Letters of Credit, purchased by Indian overseas bank	-	111.42
Acceptances & other endorsements by Indian overseas Bank (Foreign L.C in respect of raw material pending shipment)	-	95.59
Letters of Undertaking issued by Indian Overseas Bank to HSBC Mauritius ltd for Buyers credits granted by them	-	93.81
d. Managing Director's Remuneration payable as per 'special resolution', after receipt of approval from the Central Government	28.08	-