

# Deloitte Haskins & Sells LLP

Chartered Accountants  
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Maharashtra, India

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## INDEPENDENT AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF ALOK SINGAPORE PTE LIMITED

#### Report on the Financial Statements

We have audited the accompanying financial statements of **ALOK SINGAPORE PTE LIMITED** ("the Company"), which comprise the Balance Sheet as at September 30, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the period December 28, 2011 to September 30, 2013 and a summary of the significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

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

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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.



Regd. Office: 12, Dr. Annie Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai - 400 018, India

Deloitte Haskins & Sells (Registration No. BA 97449) a partnership firm was converted into Deloitte Haskins & Sells LLP (LLP Identification No. AAB-8737) a limited liability partnership with effect from 20th November 2013.



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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit before tax of USD 494,587 converted into loss of Rs. 889,267,901, considering the translation difference of Rs. 916,570,555 of the Company for the period; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the period.

**Other Matter**

This report is issued solely for the purpose of consolidation of the financial statements of the Company with the holding company, Alok Industries Limited, and should not be used for any other purposes.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
ICAI FRN No. 117366W/W-100018



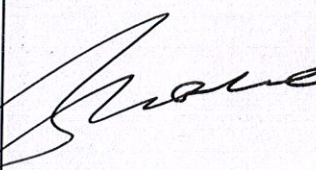
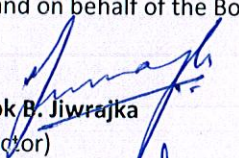
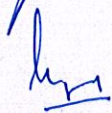
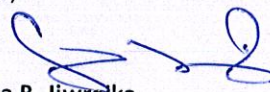
R. D. Kamat  
Partner  
Membership No. 36822

MUMBAI, November 22, 2013



**ALOK SINGAPORE PTE. LTD.**

**BALANCE SHEET AS AT 30 SEPTEMBER 2013**

PARTICULARS	NOTES	AS AT 30-SEP-2013	
		INR	USD
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	3	49	1
(b) Reserves and Surplus	4	(891,929,897)	446,365
<b>(2) Current Liabilities</b>			
(a) Short-term Borrowings	5	6,715,825,642	106,979,079
(b) Trade Payable	6	1,384,045	22,047
(c) Other current liabilities	7	608,782,218	9,697,537
(d) Short-term provisions	8	3,027,232	48,222
<b>TOTAL</b>		<b>6,437,089,289</b>	<b>117,193,251</b>
<b>II ASSETS</b>			
<b>(1) Current Assets</b>			
(a) Trade receivables	9	968,136,537	15,421,835
(b) Cash & Cash Equivalent	10	112,626,458	1,794,072
(c) Short-Term Loans And Advances	11	5,356,326,294	99,977,344
<b>TOTAL</b>		<b>6,437,089,289</b>	<b>117,193,251</b>
<b>III Significant notes forming part of financial statements</b>	<b>1 to 22</b>		
<div> <p>In terms of our report attached</p> <p><b>For Deloitte Haskins &amp; Sells LLP</b> Chartered Accountants</p> <p> <b>R. D. Kamat</b> Partner</p> <p>Place: Mumbai Date: 22 November 2013</p> </div> <div> <p>For and on behalf of the Board</p> <p> <b>Ashok B. Jiwrajka</b> (Director)</p> <p> <b>Dilip B. Jiwrajka</b> (Director)</p> <p> <b>Surendra B. Jiwrajka</b> (Director)</p> <p>Place: Mumbai Date: 22 November 2013</p> </div>			



**ALOK SINGAPORE PTE. LTD.**

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 28 DECEMBER 2011 TO 30 SEPTEMBER 2013**

PARTICULARS	NOTES	28-DEC-2011 to 30-SEP-2013	
		INR	USD
<b>I. REVENUE</b>			
Revenue from operations	12	634,028,818	11,485,419
<b>Total</b>		<b>634,028,818</b>	<b>11,485,419</b>
<b>II. EXPENSES</b>			
Finance costs	13	592,313,617	10,729,749
Other expenses	14	14,412,547	261,083
<b>Total</b>		<b>606,726,164</b>	<b>10,990,832</b>
<b>III. Profit before tax and translation difference</b>		<b>27,302,654</b>	<b>494,587</b>
<b>IV. Net exchange loss on translation</b>	2 (I) (b)	916,570,555	-
<b>V. (Loss) / profit before tax</b>		<b>(889,267,901)</b>	<b>494,587</b>
<b>VI. Tax expenses</b>			
Current tax		2,661,996	48,222
<b>VII. Net profit for the period (III-IV)</b>		<b>(891,929,897)</b>	<b>446,365</b>
<b>VIII. EARNINGS PER SHARE (of \$ 1 each)</b>	18		
Basic and Diluted (not annualised)		(891,929,897)	446,365

Significant Notes forming part of financial statements

1 to 22

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**R. D. Kamat**  
Partner

Place: Mumbai  
Date: 22 November 2013

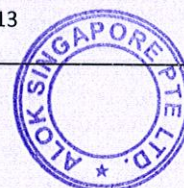
For and on behalf of the Board

**Ashok B. Jiwrajka**  
(Director)

**Dilip B. Jiwrajka**  
(Director)

**Surendra B. Jiwrajka**  
(Director)

Place: Mumbai  
Date: 22 November 2013





ALOK SINGAPORE PTE. LTD.

CASH FLOW STATEMENT FOR THE PERIOD FROM 28 DECEMBER 2011 TO 30 SEPTEMBER 2013

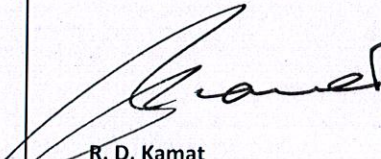
	PARTICULARS	FOR THE PERIOD 28-DEC-2011 to 31-SEP-2013	
		INR	USD
<b>A)</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	(Loss)/profit before tax	(889,267,901)	494,587
	<b>Adjustments for :</b>		
	Finance costs	592,313,617	10,729,749
	Unrealized exchange loss on translation	916,570,555	-
	<b>Operating Profit before Working Capital changes</b>	<b>619,616,271</b>	<b>11,224,336</b>
	<b>Adjustments for :</b>		
	Increase in trade receivable	(851,330,527)	(15,421,835)
	Increase in loans and advances	(5,519,042,640)	(99,977,344)
	Increase in trade payables	1,217,059	22,047
	Increase in current liabilities & provisions	535,332,487	9,697,537
	<b>Net cash used in operating activities (A)</b>	<b>(5,214,207,351)</b>	<b>(94,455,259)</b>
<b>B)</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from issue of shares	49	1
	Proceeds from short term borrowings	5,905,558,949	106,979,079
	Interest on short term borrowings	(592,313,617)	(10,729,749)
	<b>Net cash flow from Financing activities (B)</b>	<b>5,313,245,381</b>	<b>96,249,331</b>
	<b>Net increase in Cash and Cash equivalents (A+B)</b>	<b>99,038,031</b>	<b>1,794,072</b>
	Effect of exchange rate change on cash and cash equivalent	13,588,427	-
	<b>Cash and Cash equivalents at the end of the period</b>	<b>112,626,458</b>	<b>1,794,072</b>

**NOTES TO CASH FLOW STATEMENT**

- Components of Cash and Cash Equivalents include Bank Balances in Current Account.
- The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard (AS) 3 "Cash Flow Statements".

In terms of our report attached

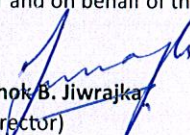
**For Deloitte Haskins & Sells LLP**  
Chartered Accountants


  
**R. D. Kamat**  
Partner

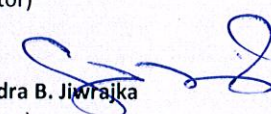
Place: Mumbai  
Date: 22 November 2013



For and on behalf of the Board

  
**Ashok B. Jiwrajka**  
(Director)

  
**Dilip B. Jiwrajka**  
(Director)

  
**Surendra B. Jiwrajka**  
(Director)

Place: Mumbai  
Date: 22 November 2013





**ALOK SINGAPORE PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 28 DECEMBER 2011 TO 30 SEPTEMBER 2013**

**1 BACKGROUND**

Alok Singapore Pte Limited incorporated on 28 December 2011 under the laws of Singapore as an 'International Business Company', is a wholly owned subsidiary of Alok Industries Limited, a Company incorporated in India. The company is engaged in trading in all types of textiles including home textile, apparels fabrics, garments and polyester yarns.

These financial statements are prepared solely for the purpose of consolidation by the holding Company, Alok Industries Limited.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**I Basis of Preparation of Financial Statements**

a) The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

**b) Translation to Indian Rupees :-**

The accounts are maintained in US Dollars. Considering the operations of the company as integral to the parent company, the financial statements have been translated to Indian Rupees on the following basis-

- (i) All income and expenses are translated at the average rate of exchange prevailing during the year.
- (ii) Monetary assets and liabilities are translated at the closing rate on the balance sheet date.
- (iii) Non-monetary assets and liabilities and share capital is translated at historical rates.
- (iv) The resulting exchange difference is accounted for in Exchange difference on translation account and charged / credited to Statement of Profit and Loss.
- (v) The aforesaid items as translated are considered for the purpose of cash flow statement.

**II Use of Estimates**

The preparation of financial statements, in conformity with the generally accepted accounting principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Differences between, the actual results and estimates are recognised in the year in which the results are known / materialise.

**III Revenue recognition**

- a) Revenue on sale of traded goods is recognised when the goods are dispatched to customers, all significant contractual obligations have been satisfied and the collection of the resulting receivable is reasonably expected. Sales are stated net of trade discount, returns and sales tax collected.
- b) Revenue from marketing service charges is recognised on rendering of the related services in accordance with the terms of the agreement.

**IV Income Taxes**

Tax expenses comprises of current tax and deferred tax. Deferred tax is accounted for in accordance with Accounting Standard (AS)-22 on "Accounting for taxes on Income" Current tax is measured at the amount expected to be paid/recovered from the tax authority using the applicable tax rates. Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are capable of reversing in one or more subsequent periods and are measured at relevant enacted/substantively enacted tax rates. At each balance sheet date, the Company reassesses unrealized deferred tax assets to the extent they become reasonably certain or virtually certain of realization, as the case may be.





ALOK SINGAPORE PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 28 DECEMBER 2011 TO 30 SEPTEMBER 2013

**V Inventories**

Inventories of traded goods are valued at cost determined on first –in-first-out (FIFO) basis or net realizable value, whichever is lower.

**VI Investments**

Investments classified as Long Term Investments are stated at cost. Provision is made to recognise a decline, other than temporary, in the value of investments.

**VII Foreign Currency Transactions**

- i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transactions.
- ii) Monetary items denominated in foreign currencies at the balance sheet are restated at closing rate on balance sheet
- iii) Non-monetary foreign currency items are carried at cost.
- iv) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the statement of profit and loss.

**VIII Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are 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. Contingent liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.





ALOK SINGAPORE PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 28 DECEMBER 2011 TO 30 SEPTEMBER 2013

Particulars	AS AT 30-SEP-2013	
	INR	USD
<b>3 SHARE CAPITAL</b>		
Authorised :		
1 Equity share of USD 1 each	49	1
Issued and Subscribed and fully paid up:		
1 Equity share of USD 1 each	49	1
	<u>49</u>	<u>1</u>

NOTES :

Additional information :

a) The company has been incorporated as a wholly owned subsidiary of Alok Industries Limited and there has been no change in the share capital since incorporation.

b) Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of USD 1 per share. Each holder of equity share is entitled to one vote per share. The Shareholders are entitled for dividend in USD as and when recommended by the Board of Directors and approved by the shareholders at the Annual General Meeting.

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 equity shares held by the share holder.

**4 RESERVES AND SURPLUS**

(Deficit) / Surplus in the Statement of Profit & Loss

(Loss) / profit for the period

(891,929,897)	446,365
<u>(891,929,897)</u>	<u>446,365</u>

**5 SHORT-TERM BORROWINGS (unsecured)**

From Bank

6,715,825,642	106,979,079
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<u>6,715,825,642</u>	<u>106,979,079</u>
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NOTE:

Secured by corporate guarantee given by Alok Industries Limited, the holding company and pledge of equity shares held by

**6 TRADE PAYABLE**

Creditors for supplies / services

1,384,045	22,047
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<u>1,384,045</u>	<u>22,047</u>
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**ALOK SINGAPORE PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 28 DECEMBER 2011 TO 30 SEPTEMBER 2013**

Particulars	AS AT 30-SEP-2013	
	INR	USD
<b>7 OTHER CURRENT LIABILITIES</b>		
Other Payables		
Advance from customers		
- Related parties (Refer note no 15 )	423,447,375	6,745,264
- Others	185,334,843	2,952,273
	<b>608,782,218</b>	<b>9,697,537</b>
<b>8 SHORT-TERM PROVISIONS</b>		
Provision for Tax	3,027,232	48,222
	<b>3,027,232</b>	<b>48,222</b>
<b>9 TRADE RECEIVABLES (Unsecured, Considered good)</b>		
Debts outstanding for a period exceeding six months from due date	270,999,206	4,316,855
Others	697,137,331	11,104,980
<b>Additional Information:</b>		
Refer note no. 15 for related party balances	<b>968,136,537</b>	<b>15,421,835</b>
<b>10 CASH &amp; CASH EQUIVALENT</b>		
Balance with Banks		
In Current Account	112,626,458	1,794,072
	<b>112,626,458</b>	<b>1,794,072</b>
<b>11 SHORT-TERM LOANS AND ADVANCES (Unsecured, Considered good)</b>		
Advance to holding company against future purchases (Refer note no 15 )	5,203,404,724	97,541,395
<b>Others</b>		
Prepaid Expenses	152,733,239	2,432,949
Security Deposit	188,331	3,000
	152,921,570	2,435,949
	<b>5,356,326,294</b>	<b>99,977,344</b>





ALOK SINGAPORE PTE. LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 28 DECEMBER 2011 TO 30 SEPTEMBER 2013

Particulars	28-DEC-2011 to 30-SEP-2013	
	INR	USD
<b>12 REVENUE FROM OPERATIONS (refer note no. 15 &amp; 16)</b>		
Sale of Traded goods		
Sales	8,141,053,232	147,475,012
Less : Purchase of Traded goods	8,141,053,232	147,475,012
	-	-
Sale of Service		
Marketing services to holding company	634,028,818	11,485,419
	<b>634,028,818</b>	<b>11,485,419</b>
<b>13 FINANCE COSTS</b>		
Interest expense	260,351,772	4,716,267
Other Borrowing costs	331,961,845	6,013,482
	<b>592,313,617</b>	<b>10,729,749</b>
<b>14 OTHER EXPENSES</b>		
Legal & Professional fees	1,615,790	29,270
Auditors Remuneration (including service tax)	706,156	12,792
Miscellaneous Expenses	12,090,601	219,021
(includes Bank charges, rounding off difference etc.)		
	<b>14,412,547</b>	<b>261,083</b>





**ALOK SINGAPORE PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 28 DECEMBER 2011 TO 30 SEPTEMBER 2013**

**15 RELATED PARTY DISCLOSURES**

As per Accounting Standard AS (AS) 18 "Related Party Disclosures", Company's related parties disclosed as below:

**I Names of related party and nature of relationship**

Alok Industries Limited - Holding Company  
Alok International Inc. - Fellow Subsidiary  
Grabal Alok (UK) Ltd. - Fellow Subsidiary

**II Transactions with Related parties**

<b>Transactions</b>	<b>Amount (INR)</b>	<b>Amount (USD)</b>
<b><u>Holding Company -- Alok Industries Limited</u></b>		
<b>Equity Share Capital -- Alok Industries Limited</b>		
Subscribed during the period	49	1
Balance as at 30 September 2013	49	1
<b>Advance to Holding Company</b>		
Balance as at 30 September 2013	5,203,404,724	97,541,395
<b>Trade Receivable</b>		
Balance as at 30 September 2013	580,471,862	9,246,569
Marketing Service Charges	634,028,818	11,485,419
Purchases of Traded Goods	8,141,053,232	147,475,012
<b><u>Fellow Subsidiary Company -- Alok International Inc.</u></b>		
<b>Advance from Customer</b>		
Balance as at 30 September 2013	370,086,925	5,895,264
<b>Sales of Traded Goods</b>	1,098,555,262	19,900,306
<b><u>Fellow Subsidiary Company -- Grabal Alok (UK) Limited</u></b>		
<b>Advance from Customers</b>		
Balance as at 30 September 2013	53,360,450	850,000

- 16** Service charges represent income received/accrued towards reimbursement of marketing and other expenses with a mark-up of 4.5%, incurred for Alok Industries Limited, the holding company, in terms of the marketing service agreement.





**ALOK SINGAPORE PTE. LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD FROM 28 DECEMBER 2011 TO 30 SEPTEMBER 2013**

**17 SEGMENT REPORTING**

**a) Primary Segment - Business Segment**

The Company trades in home furnishing items, apparels fabric, garments and polyester yarn purchased from the holding company and has also earned income towards marketing services provided to the holding company as stated in Note no. 12 and 16, which is incidental to trading activities. In the opinion of the company, the company has only one reportable segment i.e. "Trading".

**b) Secondary Segment - Geographical Segment**

Geographical segment is based on sales to customers in various continents. Revenue directly attributable to the segments is reported based on items that are individually identifiable to that segment. The Company believes that it is not practical to allocate segment expenses, segment results, assets used, except trade receivable, in the Company's business or liabilities contracted since the resources / services / assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made.

(Amount in USD)

Particulars	Asia	North America	South America	Other Continents	Total
<b>Segment Revenue</b>					
Operating Revenue					
– Sales	11,997,365	38,059,236	80,238,310	17,180,101	147,475,012
– Marketing Service Charges	11,485,419				11,485,419
<b>Total Segment Revenue</b>	<b>23,482,784</b>	<b>38,059,236</b>	<b>80,238,310</b>	<b>17,180,101</b>	<b>158,960,431</b>
<b>Segment Assets</b>					
Trade receivable	9,732,875	1,629,863	3,249,912	809,185	15,421,835

(Amount in INR)

Particulars	Asia	North America	South America	Other Continents	Total
<b>Segment Revenue</b>					
Operating Revenue					
– Sales	662,289,748	2,100,981,467	4,429,390,064	948,391,953	8,141,053,232
– Marketing Service Charges	634,028,818				634,028,818
<b>Total Segment Revenue</b>	<b>1,296,318,566</b>	<b>2,100,981,467</b>	<b>4,429,390,064</b>	<b>948,391,953</b>	<b>8,775,082,050</b>
<b>Segment Assets</b>					
Trade receivable	611,000,694	102,317,910	204,019,726	50,798,207	968,136,537





**18 EARNINGS PER SHARE**

Particulars	Amount (INR)	Amount (USD)
Net (loss) / profit for the period	(891,929,897)	446,365
Weighted average number of equity shares	1	1
Nominal Value of equity share	N.A.	1
Basic and Diluted Earnings per share	(891,929,897)	446,365

**19 ADDITIONAL INFORMATION****a) Sales for the period in broad heads**

Particulars	Amount (INR)	Amount (USD)
Texturising	6,253,560,283	113,283,116
Madeups	1,887,492,949	34,191,896
<b>Total</b>	<b>8,141,053,232</b>	<b>147,475,012</b>

**b) Purchase of traded goods for the period in broad heads**

Particulars	Amount (INR)	Amount (USD)
Texturising	6,253,560,282	113,283,116
Madeups	1,887,492,950	34,191,896
<b>Total</b>	<b>8,141,053,232</b>	<b>147,475,012</b>

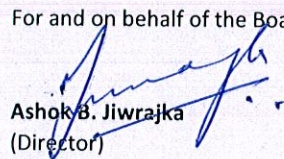
**c) Earnings in foreign currency**

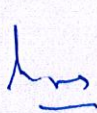
Particulars	Amount (INR)	Amount (USD)
Export of goods calculated on F.O.B. basis	7,745,938,085	140,317,509

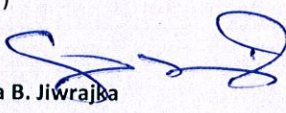
- 20** All transactions reflected in these financial statements are in foreign currency i.e. other than Indian Rupees.
- 21** The company was incorporated on 28 December 2011. The information contained in these first financial statements is for the period from 28 December 2011 to 30 September 2013 disclosed in USD, which is extracted from the books of accounts locally maintained and converted into Indian rupees as disclosed under 'basis of preparation stated above. Such disclosures in USD are only for additional information.
- 22** The amounts in Balance Sheet, Statement of profit & loss and cash flow statement are rounded off to nearest Rupee/USD.

Signatures to Notes 1 to 22

For and on behalf of the Board

  
**Ashok B. Jiwrajka**  
 (Director)

  
**Dilip B. Jiwrajka**  
 (Director)

  
**Surendra B. Jiwrajka**  
 (Director)

 Place: Mumbai  
 Date: 22 November 2013
