

INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS OF
ALOK INDUSTRIES INTERNATIONAL LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **ALOK INDUSTRIES INTERNATIONAL 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 April 1, 2012 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.



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

Basis for Adverse Opinion

As explained in Note 17(b) of the financial statements, the Company has not made provision for diminution, other than temporary, in the value of investments in an associate, Grabal Alok (UK) Ltd. The available information indicates a diminution of Rs. 3,168,397,144 (USD 50,470,668) which in our opinion should have been accounted for in accordance with the accounting principles generally accepted in India. Had the Company made such provision, loss for the period and debit balance in the profit and loss account would have been higher by such amount.

Adverse Opinion

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter discussed in the Basis for Adverse Opinion paragraph, the aforesaid financial statements do not 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 loss 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.

Emphasis of Matter

We draw attention to note no 1 B to the financial statements regarding preparation of the financial statements on a 'going concern' basis despite the company's net worth being fully eroded, in view of continued financial and operational support extended by its ultimate holding company. These financial statements do not include any adjustments that may be necessary should the company be unable to continue as a going concern.



**Deloitte
Haskins & Sells LLP**

Other Matter

This report is issued solely for the purpose of consolidation of the financial statements of the Company with the ultimate holding company, Alok Industries Limited, and to comply with the provisions of Section 212 of the Companies Act, 1956 and should not be used for any other purposes.

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



A handwritten signature in black ink, appearing to read "R. D. Kamat".

R. D. Kamat
Partner
Membership No. 36822

MUMBAI, November 22, 2013

ALOK INDUSTRIES INTERNATIONAL LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2013

| PARTICULARS | NOTES | AS AT 30-Sep-13 Rupees | AS AT 30-Sep-13 USD | AS AT 31-Mar-12 Rupees | AS AT 31-Mar-12 USD |
|--------------------------------|-------|------------------------------|---------------------------|------------------------------|---------------------------|
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 3 | ✓ 2,213,940 | ✓ 50,000 | ✓ 2,213,940 | ✓ 50,000 |
| Reserves and Surplus | 4 | ✓ (2,990,624,866) | ✓ (47,653,596) | ✓ (1,740,358,836) | ✓ (34,027,011) |
| | | ✓ (2,988,410,926) | ✓ (47,603,596) | ✓ (1,738,144,896) | ✓ (33,977,011) |
| Non-current Liabilities | | | | | |
| Long-term Borrowings | 5 | ✓ 3,515,512,000 | ✓ 56,000,000 | ✓ 6,264,397,599 | ✓ 122,455,555 |
| Current Liabilities | | | | | |
| Short term borrowing | 6 | ✓ 5,968,799,803 | ✓ 95,079,405 | ✓ 2,117,079,450 | ✓ 41,384,369 |
| Trade Payables | 7 | ✓ 674,160 | ✓ 10,739 | ✓ 449,441 | ✓ 8,786 |
| Other current liabilities | 8 | ✓ 5,760,517,907 | ✓ 91,761,599 | ✓ 2,932,114,086 | ✓ 57,316,550 |
| TOTAL | | ✓ 12,257,092,944 | ✓ 195,248,147 | ✓ 9,575,895,680 | ✓ 187,188,249 |
| ASSETS | | | | | |
| Non-current Assets | | | | | |
| Non-current Investments | 9 | ✓ 9,919,424,333 | ✓ 158,010,487 | ✓ 7,371,274,977 | ✓ 144,092,637 |
| Long-term Loans & Advances | 10 | ✓ 111,298,420 | ✓ 1,772,917 | ✓ 155,288,421 | ✓ 3,035,556 |
| Current Assets | | | | | |
| Cash & Bank Balances | 11 | ✓ 1,762,134 | ✓ 28,070 | ✓ 301,198,444 | ✓ 5,887,784 |
| Short-term Loans & Advances | 12 | ✓ 2,224,608,057 | ✓ 35,436,673 | ✓ 1,748,133,838 | ✓ 34,172,272 |
| TOTAL | | ✓ 12,257,092,944 | ✓ 195,248,147 | ✓ 9,575,895,680 | ✓ 187,188,249 |

Significant notes forming part of the financial statements

1 to 24

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 INDUSTRIES INTERNATIONAL LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 01 APRIL 2012 TO 30 SEPTEMBER 2013

| PARTICULARS | NOTES | 18 months ended 30-Sep-13 | | Year ended 31-Mar-12 | |
|-----------------------------------|-------|---------------------------|-----------------------|------------------------|----------------------|
| | | Rupees | USD | Rupees | USD |
| REVENUE | | | | | |
| Other Income | 13 | ✓ 147,005,314 | ✓ 2,624,046 | ✓ 113,150,287 | ✓ 2,359,963 |
| Total Revenue | | ✓ 147,005,314 | ✓ 2,624,046 | ✓ 113,150,287 | ✓ 2,359,963 |
| EXPENSES | | | | | |
| Finance cost | 14 | ✓ 905,756,018 | ✓ 16,167,743 | ✓ 456,710,730 | ✓ 9,525,565 |
| Other Expenses | 15 | ✓ 4,643,615 | ✓ 82,888 | ✓ 99,847,075 | ✓ 2,082,501 |
| Total | | ✓ 910,399,633 | ✓ 16,250,631 | ✓ 556,557,805 | ✓ 11,608,066 |
| LOSS FOR THE PERIOD / YEAR | | ✓ (763,394,319) | ✓ (13,626,585) | ✓ (443,407,518) | ✓ (9,248,103) |
| EARNINGS PER SHARE | | | | | |
| Basic and Diluted | 20 | ✓ (15,267.89) * | ✓ (272.53) * | ✓ (8,868.15) | ✓ (184.96) |
| * not annualised | | | | | |

Significant notes forming part of the financial statements 1 to 24

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



CASH FLOW STATEMENT FOR THE PERIOD FROM 01 APRIL 2012 TO 30 SEPTEMBER 2013

| | 18 months ended 30-Sep-13 | | Year ended 31-Mar-12 | |
|---|---------------------------|--------------|----------------------|--------------|
| | Rupees | USD | Rupees | USD |
| A) CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Loss for the period / year | (763,394,319) | (13,626,585) | (443,407,518) | (9,248,103) |
| Adjustments for : | | | | |
| Unrealised Exchange (Gain)/Loss | (85,572,513) | (1,527,506) | 272,936 | 6,051 |
| Interest Income | (31,539,761) | (562,985) | (15,951,466) | (332,698) |
| Finance Cost | 905,756,018 | 16,167,743 | 338,364,597 | 7,057,233 |
| Provision for diminution in value of investment | - | - | 88,763,543 | 1,851,332 |
| Discount on Compulsorily Convertible Bonds | 145,658,289 | 2,600,000 | 83,106,013 | 1,733,333 |
| Operating (Loss) / profit before Working Capital changes | 170,907,714 | 3,050,667 | 51,148,105 | 1,067,148 |
| Adjustments for : | | | | |
| Decrease in current liabilities | (1,835,112,181) | (32,756,746) | (193,726,438) | (4,040,530) |
| Increase in loans and advances | (4,319,404) | (77,099) | (119,984,281) | (2,502,500) |
| Net cash used in operating activities (A) | (1,668,523,871) | (29,783,178) | (262,562,614) | (5,475,882) |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | (779,711,586) | (13,917,850) | (60,694,706) | (1,265,903) |
| Interest received | 22,451,014 | 400,750 | 15,951,466 | 332,698 |
| Fixed Deposits matured / (placed) | 320,178,157 | 5,715,179 | (274,018,761) | (5,715,179) |
| Net cash used in investing activities (B) | (437,082,415) | (7,801,921) | (318,762,001) | (6,648,384) |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Short-term Borrowings (net) | 3,008,125,814 | 53,695,036 | 1,845,924,211 | 38,500,239 |
| Interest paid | (910,637,532) | (16,254,878) | (337,182,302) | (7,032,574) |
| Repayment of term borrowings | - | - | (1,027,204,592) | (21,424,294) |
| Proceeds from term borrowings | - | - | 107,910,813 | 2,250,684 |
| Net cash generated from Financing activities (C) | 2,097,488,282 | 37,440,158 | 589,448,130 | 12,294,055 |
| Net (Decrease) / Increase in Cash and Cash equivalents (A+B+C) | (8,118,004) | (144,941) | 8,123,515 | 169,789 |
| Cash and Cash equivalents at the beginning of the period | 8,851,566 | 173,029 | 144,708 | 3,240 |
| Effect of exchange rate change on cash and cash equivalent | 1,029,598 | - | 583,343 | - |
| Cash and Cash equivalents at the end of the period | 1,763,160 | 28,088 | 8,851,566 | 173,029 |

NOTES TO CASH FLOW STATEMENT

- 1 Cash and Cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

| Particulars | AS AT 30-SEP-13 | | AS AT 31-MAR-12 | |
|--|-----------------|--------|-----------------|-------------|
| | Rupees | USD | Rupees | USD |
| Balance with bank | 1,762,134 | 28,070 | 301,198,444 | 5,887,784 |
| Less: Earmarked deposits with banks* | - | - | (92,924,861) | (1,816,482) |
| Less: Deposits with Maturity period of more than three months* | - | - | (199,443,707) | (3,898,697) |
| Effect of exchange rate change | 1,026 | 18 | 21,690 | 424 |
| Cash and Cash equivalents as restated | 1,763,160 | 28,088 | 8,851,566 | 173,029 |

* Earmarked deposits and deposits with maturity period of more than three months have been excluded from cash and cash equivalent and grouped under the investment activity.

- 2 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard (AS) 3 "Cash Flow Statements".
- 3 Previous year's figures have been regrouped / restated wherever necessary.

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

R. D. Kamat
Partner



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



Place: Mumbai
Date: 22 November 2013

ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD FROM 01 APRIL 2012 TO 30 SEPTEMBER 2013

1. BACKGROUND

- A** Alok Industries International Limited was incorporated in January, 2007 under the laws of British Virgin Island as an 'International Business Company', is a wholly owned subsidiary of Alok Infrastructure Limited, a Company incorporated in India. These Financial Statements are prepared solely for the purpose of consolidation by Alok Industries Limited, the ultimate holding company, and to comply with provision of section 212 of the Indian Companies Act, 1956.
- B** The Company continued to incur losses during the period resulting in significant accumulated losses as on 30 September 2013. The Company continues to be supported (financially & operationally) by Alok Industries Ltd, the ultimate holding company and is contemplating various options to improve the business operations in future. On that basis, the accounts of the Company are prepared on going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

I Basis of Preparation of Financial Statements

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.

Translation to Indian Rupees :-

The accounts are maintained in US Dollars being currency of British Virgin Island. The accounts are translated to Indian Rupees as follows-

- (i) All income and expenses are translated at the average rate of exchange prevailing during the period.
- (ii) Assets and Liabilities are translated at the closing rate on the balance sheet date.
- (iii) Share Capital including Share Application Money is translated at historical rates.
- (iv) The resulting exchange difference is accumulated in 'Foreign Currency Translation Reserve'.

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 period. Differences between, the actual results and estimates are recognised in the period in which the results are known / materialise.

III Revenue recognition

- (i) Revenue is recognised when no significant uncertainty as to determination and realisation exists.
- (ii) Dividend income is recognised when the Company's right to receive the dividend is established.
- (iii) Interest income is recognised on time proportionate basis.

IV 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.

V 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 period end are restated at the period end rates.
- (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.

VI 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.

| PARTICULARS | AS AT 30-Sep-13 Rupees | AS AT 30-Sep-13 USD | AS AT 31-Mar-12 Rupees | AS AT 31-Mar-12 USD |
|--|------------------------------|---------------------------|------------------------------|---------------------------|
| 3. SHARE CAPITAL | | | | |
| (a) Authorised | | | | |
| 50,000 Equity Shares of USD 1 each | 2,213,940 | 50,000 | 2,213,940 | 50,000 |
| 200,000,000 Cumulative Preference Shares of USD 1 each | 9,157,317,000 | 200,000,000 | 9,157,317,000 | 200,000,000 |
| 100,000,000 Class A Redeemable Preference Shares of USD 1 par value each | 4,465,000,000 | 100,000,000 | 4,465,000,000 | 100,000,000 |
| 100,000,000 Class B Redeemable Preference Shares of USD 1 par value each | 4,465,000,000 | 100,000,000 | 4,465,000,000 | 100,000,000 |
| | <u>18,089,530,940</u> | <u>400,050,000</u> | <u>18,089,530,940</u> | <u>400,050,000</u> |
| (b) Issued, Subscribed and Paid Up | | | | |
| Equity Share Capital | | | | |
| 50,000 Equity Shares of USD 1 each fully paid up | 2,213,940 | 50,000 | 2,213,940 | 50,000 |
| TOTAL | <u>2,213,940</u> | <u>50,000</u> | <u>2,213,940</u> | <u>50,000</u> |



NOTES TO FINANCIAL STATEMENT FOR THE PERIOD FROM 01 APRIL 2012 TO 30 SEPTEMBER 2013

Note:

a) There was no movement in share capital during the period and the previous year.

b) Terms/rights attached to equity shares

The company has only one class of equity shares having par value of USD 1/- per share. Each holder of equity share is entitled to one vote per shares. 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. Further, 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 amount. The distribution will be in proportion to the number of equity shares held by the shareholder.

c) Shareholder holding more than 5 percent of the Share Capital

| Name of the shareholder | 30-Sep-13 | | 31-Mar-12 | |
|-----------------------------|--------------|-----|--------------|-----|
| | No of shares | % | No of shares | % |
| Alok Infrastructure Limited | 50,000 | 100 | 50,000 | 100 |

During the previous year, Alok Industries Ltd., the ultimate holding company sold its entire stake of 100% of share capital in the company to Alok infrastructure Ltd., a fellow subsidiary. Accordingly Alok Infrastructure Ltd., has now become the holding company of the company.

| PARTICULARS | AS AT 30-Sep-13 Rupees | AS AT 30-Sep-13 USD | AS AT 31-Mar-12 Rupees | AS AT 31-Mar-12 USD |
|---|------------------------------|---------------------------|------------------------------|---------------------------|
| 4. RESERVES AND SURPLUS | | | | |
| a) Foreign Currency Translation Reserve | | | | |
| Balance as per last Balance Sheet | (146,512,601) | - | 44,079,067 | - |
| Less : During the period / year | (486,871,711) | - | (190,591,668) | - |
| | (633,384,312) | - | (146,512,601) | - |
| b) Deficit in the Statement of Profit and Loss | | | | |
| Balance as per last Balance Sheet | (1,593,846,235) | (34,027,011) | (1,150,438,717) | (24,778,908) |
| Loss for the period / year | (763,394,319) | (13,626,585) | (443,407,518) | (9,248,103) |
| | (2,357,240,554) | (47,653,596) | (1,593,846,235) | (34,027,011) |
| TOTAL | (2,990,624,866) | (47,653,596) | (1,740,358,836) | (34,027,011) |
| 5. LONG-TERM BORROWINGS (Unsecured) | | | | |
| Compulsorily Convertible Bonds (Refer note no. 8(i)) | - | - | 2,683,442,599 | 52,455,555 |
| Compulsorily Convertible Debentures (Refer note below) | 3,515,512,000 | 56,000,000 | 3,580,955,000 | 70,000,000 |
| TOTAL | 3,515,512,000 | 56,000,000 | 6,264,397,599 | 122,455,555 |
| Note: | | | | |
| Compulsorily Convertible Debentures issued on 29 July 2011 to Triumphant Victory Holdings Limited are redeemable in twenty equal quarterly instalments with effect from 01 November 2013 as mutually decided between the issuer and holder vide letter dated 29 October 2013. | | | | |
| 6. SHORT-TERM BORROWINGS (Unsecured) | | | | |
| Compulsorily Convertible Debentures | 2,416,914,500 | 38,500,000 | 1,969,525,250 | 38,500,000 |
| Temporary overdrawn bank balance | 54,292 | 865 | 22,662 | 443 |
| From Triumphant Victory Holdings Limited (Refer note no. 16) | 3,551,831,011 | 56,578,540 | 147,531,538 | 2,883,926 |
| TOTAL | 5,968,799,803 | 95,079,405 | 2,117,079,450 | 41,384,369 |
| 7. TRADE PAYABLES | | | | |
| Creditors for Supplies / Services | 674,160 | 10,739 | 449,441 | 8,786 |
| TOTAL | 674,160 | 10,739 | 449,441 | 8,786 |



ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD FROM 01 APRIL 2012 TO 30 SEPTEMBER 2013

| PARTICULARS | AS AT 30-Sep-13 Rupees | AS AT 30-Sep-13 USD | AS AT 31-Mar-12 Rupees | AS AT 31-Mar-12 USD |
|---|------------------------------|---------------------------|------------------------------|---------------------------|
| 8. OTHER CURRENT LIABILITIES | | | | |
| Current maturities of long-term borrowings | | | | |
| Compulsorily Convertible Bonds (Refer note (i) below & note no. 17a) | 873,720,869 | 13,917,850 | - | - |
| Compulsorily Convertible Bonds | 2,582,501,706 | 41,137,705 | - | - |
| Compulsorily Convertible Debentures (Refer note 5 above) | 878,878,000 | 14,000,000 | - | - |
| Interest accrued but not due on borrowings | 29,407,760 | 468,448 | 28,421,682 | 555,583 |
| Due to Grabal Alok (UK) Limited towards convertible loan notes | 1,051,056,905 | 16,742,707 | 2,624,327,537 | 51,299,982 |
| Advance from ultimate holding company (Refer note no. 16) | 331,455,612 | 5,279,889 | 279,364,867 | 5,460,985 |
| Advance from fellow subsidiary (Refer note no. 16) | 13,497,055 | 215,000 | - | - |
| TOTAL | 5,760,517,907 | 91,761,599 | 2,932,114,086 | 57,316,550 |
| Note: | | | | |
| (i) During an earlier year, the company had issued Unsecured floating rate Compulsorily Convertible bonds for an aggregate amount of Rs 252 crores (USD 56.50 million) to Deutsche Bank, AG, Singapore branch, with a green shoe option of Rs 111 crores (USD 25 million). Such bonds are convertible into Class A preference shares of the Company at the end of maturity i.e July 2014. The bonds have been issued at discount of Rs. 290,225,000 (USD 6.5 million), which has been recognized over period of such bonds. | | | | |
| Grabal Alok International Limited, fellow subsidiary of the Company (Grabal Alok BVI) had entered into a 'put option' deed with Deutsche Bank, AG, Hongkong branch, pursuant to which it has agreed to purchase the bonds from the holders of the bonds on scheduled put option dates between the 33rd month (July 2013) to 42nd month (April 2014) from the issue date mentioned in the put option deed. | | | | |
| During the period, Deutsche Bank exercised the first put option and Grabal Alok BVI has purchased Compulsorily Convertible Bonds aggregating to Rs. 873,720,869 (USD 13,917,850) from Deutsche Bank. Such Compulsorily Convertible Bonds are now interest free as mutually decided between the Company and Grabal Alok BVI. | | | | |
| 9. NON CURRENT INVESTMENTS (Trade) (Unquoted) | | | | |
| Investments in Equity Instruments | | | | |
| In Subsidiary Companies | | | | |
| Alok European Retail S.R.O. | | | | |
| 200 Equity Shares of CZK 1000 each | 785,968 | 12,520 | 640,479 | 12,520 |
| Less: provision for diminution in value of investment | (785,968) | (12,520) | (640,479) | (12,520) |
| Mileta, a.s. | | | | |
| 11,80,152 Equity Shares of CZK 196 each | 1,050,987,472 | 16,741,601 | 856,441,700 | 16,741,601 |
| Less: provision for diminution in value of investment | (394,234,224) | (6,279,915) | (321,258,472) | (6,279,915) |
| | 656,753,248 | 10,461,686 | 535,183,228 | 10,461,686 |
| Others | | | | |
| Grabal Alok (UK) Limited (Refer note no. 17b) | | | | |
| 237,197,008 Equity Shares of GBP 0.001 each | 4,369,933,144 | 69,610,417 | 3,561,025,294 | 69,610,417 |
| Investment in Preference shares | | | | |
| Grabal Alok International Limited | | | | |
| 11,970,552 1% Cumulative Redeemable Preference shares of USD 1/- each | 751,475,343 | 11,970,552 | 612,371,543 | 11,970,552 |
| Triumphant Victory Holdings Limited | | | | |
| 750,000 0% Redeemable Preference Shares of USD 1 each | 47,082,750 | 750,000 | 38,367,375 | 750,000 |
| Others | | | | |
| Convertible Loan Notes of Grabal Alok UK (Refer note no. 17b) | 3,220,458,979 | 51,299,982 | 2,624,327,537 | 51,299,982 |
| Compulsorily Convertible Bonds of Grabal Alok UK (Refer note no. 17a & b) | 873,720,869 | 13,917,850 | - | - |
| PowerCor LLC | | | | |
| Subscription towards 5% Group B Membership interest | 464,884,088 | 7,405,325 | 378,830,508 | 7,405,325 |
| Less: provision for diminution in value of investment | (464,884,088) | (7,405,325) | (378,830,508) | (7,405,325) |
| Aisle5 LLC | | | | |
| 22 senior units of the equity capital | 82,237,870 | 1,310,000 | 67,015,015 | 1,310,000 |
| Less: provision for diminution in value of investment | (82,237,870) | (1,310,000) | (67,015,015) | (1,310,000) |
| TOTAL | 9,919,424,333 | 158,010,487 | 7,371,274,977 | 144,092,637 |



ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD FROM 01 APRIL 2012 TO 30 SEPTEMBER 2013

| PARTICULARS | AS AT 30-Sep-13 Rupees | AS AT 30-Sep-13 USD | AS AT 31-Mar-12 USD | AS AT 31-Mar-12 USD |
|--|------------------------------|---------------------------|---------------------------|---------------------------|
| 10. Long-term Loans & Advances (Unsecured, Considered good) | | | | |
| Prepaid Expenses | 111,298,420 | 1,772,917 | 155,288,421 | 3,035,556 |
| TOTAL | 111,298,420 | 1,772,917 | 155,288,421 | 3,035,556 |
| 11. CASH AND BANK BALANCES | | | | |
| A Cash & Cash Equivalents | | | | |
| Balance with Bank | | | | |
| In Current Accounts | 1,762,134 | 28,070 | 8,829,876 | 172,605 |
| B Other Bank Balances | | | | |
| (i) In Deposit Accounts - original maturity of more than 3 months | - | - | 199,443,707 | 3,898,697 |
| (ii) In Earmarked accounts | - | - | 92,924,861 | 1,816,482 |
| Deposits held as Margin Money | - | - | 292,368,568 | 5,715,179 |
| TOTAL | 1,762,134 | 28,070 | 301,198,444 | 5,887,784 |
| 12. SHORT-TERM LOANS AND ADVANCES (Unsecured) | | | | |
| Considered Good | | | | |
| Loans & advances to Related parties (Refer note no. 16) | 2,173,253,000 | 34,618,618 | 1,702,647,215 | 33,283,106 |
| Others - Prepaid Expenses | 51,355,057 | 818,055 | 45,486,623 | 889,166 |
| Considered Doubtful | | | | |
| Loans & advances to Related parties (Refer note no. 16) | 2,224,608,057 | 35,436,673 | 1,748,133,838 | 34,172,272 |
| Others | 9,075,671 | 144,570 | 7,395,695 | 144,570 |
| Advance to Axis bank (Refer note no. 18) | 216,184,307 | 3,443,687 | 203,483,420 | 3,977,665 |
| Advance to Aisle5 LLC | 3,138,850 | 50,000 | 2,557,825 | 50,000 |
| Less : Provision | (228,398,828) | (3,638,257) | (213,436,940) | (4,172,235) |
| TOTAL | 2,224,608,057 | 35,436,673 | 1,748,133,838 | 34,172,272 |

| PARTICULARS | 18 months ended 30-Sep-13 Rupees | 18 months ended 30-Sep-13 USD | Year ended 31-Mar-12 Rupees | Year ended 31-Mar-12 USD |
|---|-------------------------------------|----------------------------------|--------------------------------|-----------------------------|
| 13. OTHER INCOME | | | | |
| Interest on Bank Deposit | 5,783,311 | 103,232 | 3,435,473 | 71,653 |
| Interest on loan (Refer note no. 16) | 25,756,450 | 459,753 | 12,515,993 | 261,045 |
| Exchange rate difference gain (net) | 85,550,785 | 1,527,082 | - | - |
| Profit on derivative transaction (net) | - | - | 97,198,821 | 2,027,265 |
| Sundry balance written back (Refer note no. 18) | 29,914,768 | 533,979 | - | - |
| TOTAL | 147,005,314 | 2,624,046 | 113,150,287 | 2,359,963 |
| 14. FINANCE COSTS | | | | |
| Interest expense | 683,224,252 | 12,195,551 | 338,364,597 | 7,057,233 |
| Other borrowing cost | 222,531,766 | 3,972,192 | 118,346,133 | 2,468,332 |
| TOTAL | 905,756,018 | 16,167,743 | 456,710,730 | 9,525,565 |
| 15. OTHER EXPENSES | | | | |
| Legal and Professional Fees | 47,792 | 853 | 9,183,492 | 191,539 |
| Auditor's Remuneration (including Service Tax) | 915,003 | 16,333 | 421,232 | 8,786 |
| Fees Rates & Taxes | 2,322,129 | 41,450 | - | - |
| Provision for diminution in value of investment | - | - | 88,763,543 | 1,851,332 |
| Miscellaneous Expenses | 1,358,691 | 24,252 | 1,478,808 | 30,844 |
| TOTAL | 4,643,615 | 82,888 | 99,847,075 | 2,082,501 |



ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD FROM 01 APRIL 2012 TO 30 SEPTEMBER 2013

16. RELATED PARTIES 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 | Ultimate Holding Company |
| Alok Infrastructure Limited | Holding Company |
| Mileta, a.s. | Subsidiary |
| Alok European Retail, s.r.o.* | Subsidiary |
| Grabal Alok (UK) Limited | Associate Company |
| Grabal Alok International Limited | Fellow Subsidiary |
| Alok International Inc. | Fellow Subsidiary |
| Triumphant Victory Holdings Limited | Entity Under Common Control |
| Nirvan Holdings Private Limited | Entity Under Common Control |
| Jiwrajka Investment Private Limited | Entity Under Common Control |

* Liquidated during the period

II Transactions with Related parties

| Transaction | In Rupees | In USD |
|--|-----------------|---------------|
| Equity Share Capital | | |
| Alok Industries Limited | | |
| Balance as at 1 April | - | - |
| Balance as at 30 September / 31 March | (2,213,940) | (50,000) |
| | (-) | (-) |
| Alok Infrastructure Limited | | |
| Balance as at 1 April | 2,213,940 | 50,000 |
| | (-) | (-) |
| Balance as at 30 September / 31 March | 2,213,940 | 50,000 |
| | (2,213,940) | (50,000) |
| Short-Term Borrowings | | |
| Triumphant Victory Holdings Limited | | |
| Balance as at 1 April | 147,531,538 | 2,883,926 |
| | (-) | (-) |
| Received during the period / year | 3,008,102,203 | 53,694,614 |
| | (147,531,538) | (2,883,926) |
| Translation difference during the Period / year | 396,197,270 | 0 |
| | (-) | (-) |
| Balance as at 30 September / 31 March | 3,551,831,011 | 56,578,540 |
| | (147,531,538) | (2,883,926) |
| Compulsorily Convertible Debentures | | |
| Triumphant Victory Holdings Limited | | |
| Balance as at 1 April | 1,969,525,250 | 38,500,000 |
| | (-) | (-) |
| Issued during the period / year | - | - |
| | (1,846,075,000) | (38,500,000) |
| Translation difference during the Period / year | 447,389,249 | - |
| | (123,450,250) | (-) |
| Balance as at 30 September / 31 March | 2,416,914,500 | 38,500,000 |
| | (1,969,525,250) | (38,500,000) |
| Investment (including Equity shares, convertible loan notes & CCBs) | | |
| Grabal Alok (UK) Limited | | |
| Balance as at 1 April | 6,185,352,831 | 120,910,399 |
| | (3,899,347,766) | (87,331,417) |
| Invested during the period / year | 779,711,635 | 13,917,850 |
| | (1,609,970,685) | (33,578,982) |
| Translation difference during the Period / year | 1,499,048,526 | - |
| | (676,034,380) | (-) |
| Balance as at 30 September / 31 March | 8,464,112,992 | 134,828,249 |
| | (6,185,352,831) | (120,910,399) |
| Other current liabilities | | |
| Alok Industries Limited | | |
| Balance as at 30 September / 31 March | 331,455,612 | 5,279,889 |
| | (279,364,867) | (5,460,985) |
| Grabal Alok (UK) Limited | | |
| Balance as at 30 September / 31 March | 1,051,056,905 | 16,742,707 |
| | (2,624,327,537) | (51,299,982) |
| Alok International, Inc. | | |
| Balance as at 30 September / 31 March | 13,497,055 | 215,000 |
| | (-) | (-) |



ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD FROM 01 APRIL 2012 TO 30 SEPTEMBER 2013

| Transaction | In Rupees | In USD |
|--|-----------------|--------------|
| Loans Given | | |
| Grabal Alok International Limited – Interest Free | | |
| Balance as at 1 April | 175,452,630 | 3,429,723 |
| Given during the period / year | (215,492,732) | (4,826,265) |
| | 780,248,441 | 13,927,432 |
| Repaid during the period / year | (-) | (-) |
| | 1,680,673 | 30,000 |
| Translation difference during the Period / year | (66,958,299) | (1,396,542) |
| | 133,726,411 | - |
| | (26,918,197) | (-) |
| Balance as at 30 September / 31 March | 1,087,746,809 | 17,327,155 |
| | (175,452,630) | (3,429,723) |
| Mileta, a.s | | |
| Balance as at 1 April | 446,151,506 | 8,721,306 |
| Interest accrued during the period / year | (376,358,371) | (8,429,079) |
| | 25,756,450 | 459,753 |
| Given during the period / year | (12,517,093) | (261,045) |
| | 25,576,075 | 456,533 |
| Translation difference during the Period / year | (47,230,750) | (985,000) |
| | 101,367,688 | - |
| Converted/repaid during the period / year | (55,780,829) | (-) |
| | (45,735,537) | (953,817) |
| Balance as at 30 September / 31 March | 547,699,569 | 8,724,526 |
| | (446,151,506) | (8,721,306) |
| Grabal Alok (UK) Limited | | |
| Balance as at 1 April | 1,081,043,079 | 21,132,077 |
| Given during the period / year | (-) | (-) |
| | 875,308,433 | 15,624,253 |
| Repaid/Adjusted during the period / year | (2,084,512,260) | (43,472,623) |
| | 2,011,559,490 | 35,906,330 |
| Translation difference during the Period / year | (1,071,229,185) | (22,340,546) |
| | 108,568,429 | - |
| | (67,760,004) | - |
| Balance as at 30 September / 31 March | 53,360,451 | 850,000 |
| | (1,081,043,079) | (21,132,077) |
| Alok Infrastructure Limited | | |
| Balance as at 1 April | - | - |
| Given/Adjusted during the period / year | (38,137,446) | (854,142) |
| | 432,321,484 | 7,716,937 |
| Repaid during the period / year | (-) | (-) |
| | (40,956,109) | (854,142) |
| Translation difference during the Period / year | 52,124,687 | - |
| | (2,818,663) | (-) |
| Balance as at 30 September / 31 March | 484,446,171 | 7,716,937 |
| | (-) | (-) |
| Long term borrowings (includes Long term borrowings, & current liabilities) | | |
| Compulsory Convertible Debentures | | |
| Triumphant Victory Holdings Limited | | |
| Balance as at 1 April | 3,580,955,000 | 70,000,000 |
| Translation difference during the Period / year | (3,125,500,000) | (70,000,000) |
| | 813,435,000 | - |
| | (455,455,000) | (-) |
| Balance as at 30 September / 31 March | 4,394,390,000 | 70,000,000 |
| | (3,580,955,000) | (70,000,000) |
| Compulsory Convertible Bonds | | |
| Grabal Alok International Limited | | |
| Issued during the period / year | 779,711,634 | 13,917,850 |
| | (-) | (-) |
| Translation difference during the Period / year | 94,009,235 | - |
| | (-) | (-) |
| Balance as at 30 September / 31 March | 873,720,869 | 13,917,850 |
| | (-) | (-) |
| Interest Expenses on CCD's | | |
| Triumphant Victory Holdings Limited | | |
| Paid during the period / year | 411,965,040 | 7,353,575 |
| | (155,224,481) | (3,237,500) |
| Borrowing Cost | | |
| Triumphant Victory Holdings Limited | | |
| | 2,153,598 | 38,442 |
| | (-) | (-) |
| Interest Income | | |
| Mileta a.s. | | |
| Accrued during the period / year | 25,756,450 | 459,753 |
| | (12,515,993) | (261,045) |

* Figures of previous year are given in bracket.



ALOK INDUSTRIES INTERNATIONAL LIMITED

NOTES TO FINANCIAL STATEMENT FOR THE PERIOD FROM 01 APRIL 2012 TO 30 SEPTEMBER 2013

17. a) During an earlier year, Grabal Alok UK Limited (Grabal Alok UK), a fellow subsidiary of the Company had issued unsecured floating rate compulsorily convertible bonds ("Bonds") for an aggregate amount of up to Rs 252 crores (U.S\$ 56.50 million) to Deutsche Bank AG, Singapore Branch, with a green shoe option of Rs 111 crores (USD 25 million). The Bonds will be convertible into ordinary shares of GBP0.001 each of the Grabal Alok UK at the end of maturity.

The Company, had entered into a 'put option' deed with Deutsche Bank AG, Hongkong branch, pursuant to which it has agreed to purchase the bonds from the holders of the bonds between the 33rd month (July 2013) to 42nd month (April 2014) from the issue date mentioned in the put option deed.

Accordingly, during the period, the company has purchased Compulsorily convertible bonds of USD 13,917,850 carried at Rs. 873,720,869 from Deutsche bank, as per the first put option terms. Such bonds are now interest free as mutually decided between the Company and Grabal Alok (UK) Limited.

- b) The Company has exposure of USD 118,935,542 (Rs 7,466,416,538) in Grabal Alok (UK) Ltd ("GA UK"), an associate company, which runs a chain of value format clothing stores under the brand "Store Twenty One" across UK, Scotland and Wales. The exposure includes investments in equity shares of USD 69,610,417 (Rs 4,369,933,144), investment in convertible loans and bonds (net) of USD 48,475,125 (Rs 3,043,122,943) and loan given of USD 850,000 (Rs. 53,360,451) as on September 30, 2013.

The management of Alok Industries Ltd ("Holding company") is considering exiting this business since the group's efforts in revamping the business have not made much headway primarily due to economic downturn in the UK economy. At the same time, GA UK, with support from the holding company is working on plans / options to turnaround this company and with a visible revival of the UK economy, believes that there is significant value which can be realised.

Further, the Holding Company management, in the process of assessing the recoverability of goodwill on consolidation relating to GA UK appearing in their balance sheet, got in to certain early stage negotiations with potential buyers which indicates a recoverable value of approximately Rs 288 crores. The management of this company has considered the aforesaid facts in assessing "other than temporary" diminution in its investments and has concluded that the aforesaid value does not capture the intrinsic strength of the business of GA UK. As such, the Company would initiate an appropriate exercise for value discovery shortly, based on which necessary diminution would be recognised in the financial statements. The intermediate holding Company, Alok Infrastructure Ltd, which holds 100% shares in this company, is also considering various options to restructure the exposure of the company comprising of convertible loan notes, bonds and loans due from GA UK and hence no provision against such exposure is considered necessary at this stage. However, had the Company recognised "other than temporary" diminution in investments in equity shares based on the indicative value of Rs 288 crores as aforesaid, the provision for diminution relating to 41.72% share would have been Rs 3,168,397,144 (USD 50,470,668).

18. During an earlier year, the Company entered into a Silent Risk Participation Agreement (SRPA) with Axis Bank with respect to loan of USD 3.5 million taken by Grabal Alok (UK) Limited from Lehman Bros. In pursuance of such agreement, Axis bank took over Lehman's share of loan and transferred it to the Company. By virtue of this agreement, the Company paid USD 3.5 million plus interest thereon to Axis Bank in the earlier year and accounted for such amount as recoverable from Grabal Alok (UK) Limited.

However, on liquidation of Lehman Bros, the liquidator did not recognise such SRPA and the payment already made by Axis Bank to Lehman Bros of USD 3.5 million. As per the liquidation procedures, Grabal Alok (UK) Limited was required to pay USD 3.5 million to Lehman, though already paid by the Company on its behalf through Axis Bank. Since the payment to Lehman was made twice, Axis Bank is now in discussions with Liquidator of Lehman Bros for refund of USD 3.5 million paid by it. The Company has accounted such amount as recoverable from Lehman Brother through Axis Bank. Axis bank has confirmed to the Company that such matter has been taken up with Lehman and that it would refund the USD 3.5 million plus interest or the settled amount to the Company as and when it will receive it from the liquidator of Lehman Bros. However, out of abundant caution, the Company has made a provision of USD 3.5 million plus interest of USD 477,665 as doubtful of recovery in the previous year. During the period the company has recovered USD 533,979 the same has been disclosed in Other Income & accordingly provision amount has been reduced.

19. SEGMENT REPORTING

The Company is engaged in the business of making strategic long term investments and other short term investments and all activities revolve around such business. Accordingly, this is the only reportable segment of the Company.

20. EARNINGS PER SHARE (EPS)

| Particulars | 18 months ended 30-Sept-13 | | Year ended 31-Mar-12 | |
|--|----------------------------|--------------|----------------------|-------------|
| | Rupees | USD | Rupees | USD |
| Loss for the period / year | (763,394,319) | (13,626,585) | (443,407,518) | (9,248,103) |
| Weighted average number of equity shares | 50,000 nos. | 50,000 nos. | 50,000 nos. | 50,000 nos. |
| Nominal Value of equity share | N.A. | 1.00 | N.A. | 1.00 |
| Basic and Diluted Earnings per share | (15,267.89) * | (272.53) * | (8,868.15) | (184.96) |

* not annualised

21. DERIVATIVE FINANCIAL INSTRUMENTS

- a) There are no derivative instruments outstanding as at period end.
b) The period / year end foreign currency exposure that has not been hedged by derivative instruments or otherwise are as below:

| Particulars | Foreign Currency | Amt in Foreign Currency | Rupees | USD |
|----------------------------------|------------------|-------------------------|------------------|---------------|
| Cash and Bank Balance | Euro | 5,323 | 450,739 | 7,180 |
| | | (1,045) | (79,852) | (1,561) |
| | GBP | 941 | 95,484 | 1,521 |
| | | (1,051) | (71,425) | (1,396) |
| Loans given | Euro | 6,822,946 | 547,699,557 | 8,724,526 |
| | | (589,653,398) | (40,069,142,062) | (783,212,316) |
| Temporary overdrawn bank balance | CHF | 834 | 54,292 | 865 |
| | | (400) | (22,662) | (443) |
| Sundry Creditors | GBP | 11,022,305 | 1,051,056,905 | 16,742,707 |
| | | (320,000,000) | (2,624,327,537) | (51,299,982) |
| | INR | 674,160 | 674,160 | 10,739 |
| | | (449,441) | (449,441) | (8,786) |

*Figures of Previous year are given in bracket

22. EXPENDITURE IN FOREIGN CURRENCY

All transactions reflected in these financial statements are in foreign currency i.e. other than Indian rupees.

23. The information contained in the financial statements for the period ended 30 September 2013, disclosed in US dollar is extracted from the books of accounts locally maintained and converted into Indian Rupees as disclosed under basis of preparation stated above. The amounts in Balance Sheet, Statement of Profit and Loss and cash flow statement are rounded off to the nearest Rupee / USD. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.



24. The Company has extended its accounting year end from 31 March 2013 to 30 September 2013. Accordingly, figures for the current year are for a period of 18 months from 1 April 2012 to 30 September 2013, whereas figures for the previous year are for a period of 12 months and hence such figures are not comparable.

Signatures to Notes 1 to 24

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

