



gokaldas exports ltd.



9TH ANNUAL REPORT
2011-2012



Style Vault



Computerised Embroidery



Mysore Factory - Atlantic Apparels - 2



Wearcraft Apparels

The Origin and Ascent

VISION

*"To be a globally reputed apparel manufacturer, evoking
distinctive recognition for
Product, Performance, Processes and People"*



The late Jhamandas H. Hinduja

Gokaldas Exports was founded by the visionary Jhamandas H. Hinduja, who, with his innate ability to plan for the future, while closely overseeing the details of day-to-day operations, built a company with strong foundations and a corporate ethos that rewards initiative and innovation.

MISSION

*"Achieve profitable growth through
Innovation, Quality, Consistency and Commitment"*

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REGISTERED OFFICE

No. 70, Mission Road
Bangalore 560 027, India

CFO AND COMPLIANCE OFFICER

Mr. Sumit Keshan

STATUTORY AUDITORS

M/s S R Batliboi & Co.
Chartered Accountants
Canberra Block, 12th Floor, UB City,
No 24, Vittal Mallya Road,
Bangalore - 560001

M/s Girish Murthy & Kumar

Chartered Accountants
4502, High Point IV
45, Palace Road,
Bangalore 560 001

BANKERS

Canara Bank
Corporation Bank

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Won highest number of export awards



BOARD OF DIRECTORS



Shri Richard B Saldanha
Chairman



Shri Gautam Chakravarti
Director & CEO



Shri Akhilesh K Gupta
Director (up to July 17, 2012)



Shri Mathew Cyriac
Director



Shri Prince Asirvatham
*Independent Director
(up to July 01, 2012)*



Shri Arun K Thiagarajan
Independent Director



Shri J H Mehta
Independent Director



Shri N Rangachary
Independent Director



Shri Partha Sarkar
*Independent Director
(up to July 10, 2012)*

CHAIRMAN'S MESSAGE



Richard B Saldanha
Chairman

Dear Shareholders,

Your Company continues to face stiff challenges in this difficult global environment as we manage change and adapt to a market place where the customer needs are rapidly changing.

We have observed steady underlying progress in unlocking value through key strategic initiatives in areas of revenue growth, cost and operational efficiencies. These have not reflected fully in our results, as they have been offset by fresh uncertainties and unforeseen challenges that have emerged, and because market sluggishness persists in two of our largest markets viz. Europe and US.

To compensate for this tepid growth your management has aggressively targeted new customers, broader product categories and retail domestic business with modest success.

As we navigate through difficult market and global economic conditions, your company will need to continue to manage change and connect stronger with the customers.

We enter FY13 with a new sense of confidence and cautious optimism because of the clear strategies to align ourselves internally to meet the demands placed on us as well as face external challenges.

While our strategies have many thrusts,

on the demand side and supply side, at its core, it places the customer at the centre of all that we do.

We endeavour to become a more customer centric organization, aligning our strategies, people, process and production to serve our clients as preferred partners and improve our customer satisfaction and service levels with renewed mission and purpose.

Your Company delivers millions of garments each month, which means, each day somewhere a consumer makes a choice between our product and others'; each day therefore is a moment of election and selection, each day we must therefore meet the promise made to our customer and consumer. Our future growth will depend on how well, and truly, we put the customers at the very core of our existence.

Therefore we wish now to take customer -centricity to another level in the apparel business, and measure everything we do in the organization by that benchmark.

Quality is a promise we make, and we intend to make better promises and keep them.

I take this opportunity to express my gratitude to all employees who have been steadfast, loyal and true.

On behalf of the whole organization, I would

like to thank our valued customers who continue to support us and play a vital role in continuous improvement in terms of our product offering, quality and services. We feel privileged to have such a rich portfolio of products to cater to and endeavour to advance the existing relationships with our customers to the next level.

I also thank our business partners, vendors, and other business associates, who shape the eco system in which we operate, without their continued support it would have been impossible to face the existing challenges. We truly value the existing partnerships and strive to make it win-win at all times.

Further, I must thank this outstanding Board for their guidance on governance and strategic direction without which we would not have been able to navigate through such turbulent times.

Let me take this opportunity to thank the outgoing directors, Mr. Prince Asirvatham, Mr. Partha Saikar and Mr. Akhil Gupta. This company owes each one of them for their continued support, exception all leadership and vision. Under their astute leadership and vision, the company has performed during these difficult times.

And last, but not the least, I wish to thank you and all stake holders for the continued and unstinted support as well as confidence, encouragement and trust, in the firm.

DIRECTORS' REPORT

Your Directors present herewith the Ninth Annual Report and the Audited Accounts for the year ended March 31, 2012.

Financial Results (Consolidated)

(Rs. In lakhs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Sales	1,03,020	1,16,101
Profit Before Tax	(13,162)	(8,812)
Less: Provision for Tax	75	336
Extraordinary Items	-	(531)
Profit after Tax	(13,237)	(9,007)

Review of Operations

Gokaldas Exports, on a consolidated basis, has reported total sales of Rs. 1, 03,020 Lakhs in 2011-12 as against Rs 1, 16,101 Lakhs in 2010-11 representing a de-growth of 11.2% over 2010-11.

The demand situation in the global apparel industry has not shown any improvement during the year. Economic conditions across our major markets particularly in Europe has worsened, affecting consumer confidence. Many of the global apparel brands are experiencing demand contraction which has led to lower buying clearly indicating sluggishness in the market.

The Company has been able to show growth in EBITDA in these unfavorable conditions. The EBITDA before forex gain / loss has improved from a loss of Rs. (2,930) lakhs in 2010-11 to a profit Rs. 1,190 lakhs in 2011-12.

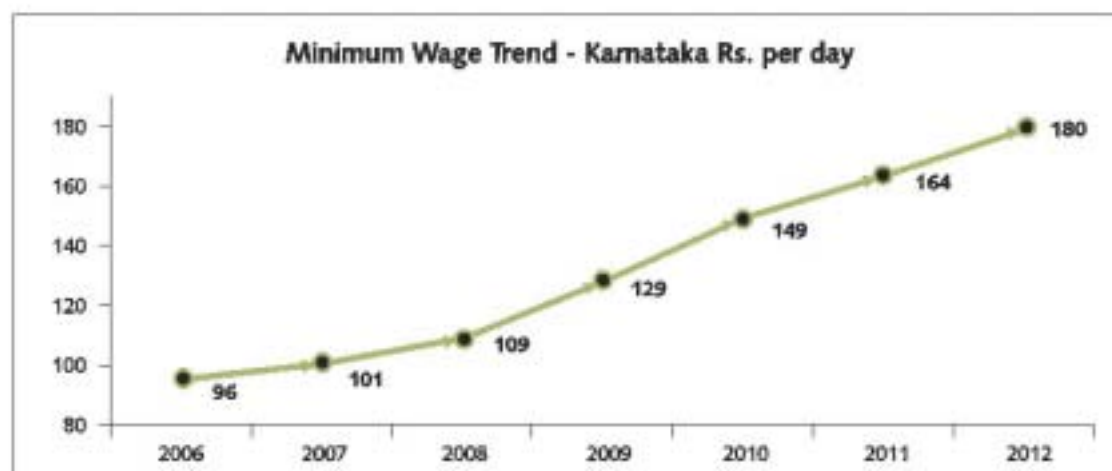
EBITDA (In INR lakhs)	FY11	FY12
EBITDA before forex gain/ loss	-2,930	1,190

In this challenging environment, the company has focused its efforts towards the domestic market and achieved a growth of 35% in the year 2011-12.

Growth in domestic business (In INR lakhs)	FY11	FY12	Gr %
Domestic Sales	11,310	15,370	35%

Key Costs and their impact on profitability

This year has seen increase in overall costs driven by increase in wage costs and high general inflation. These trends are evident from exhibits given below.



The trend in wholesale price index (WPI) indicates significant inflationary pressure on operating costs.



Notwithstanding the above, the company has been able to show substantial reduction in costs by focusing on various cost optimization measures for manufacturing as well as non-manufacturing expenses this is reflected in the following table.

(Rs. In lakhs)

Key Costs	FY11	FY12	% change
Raw Material Cost	62,330	57,150	-8.3%
Wage cost	34,410	33,240	-3.4%
Consumption of Consumables, Stores and spares	1,605	1,100	-31.5%
Power and fuel	2,295	2,062	-10.1%
Other Manufacturing expenses	1,360	716	-47.4%

The company has also got adversely impacted by a decline in its export incentives in 2011-12 mainly due to reduction in export incentives rates specified by the government of India.

(Rs. In lakhs)

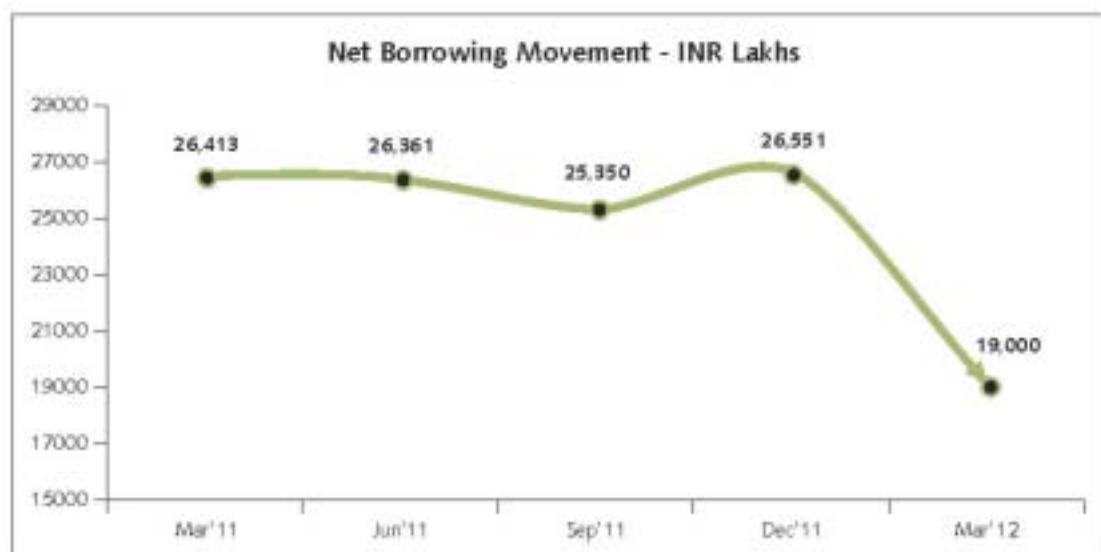
Exports Incentive	FY11	Fy12
Total Merchant Sales	1,16,100	1,03,020
Export Incentive	5,620	3,340
% of revenue	4.8%	3.2%

As an industry, representations have been made to the government for providing support to our industry which will help in meeting the twin goals of boosting country's exports and creating employment.

Profitability in FY12 has been materially impacted due to a one-time charge of Rs. 4,660 lakhs, on account of the revised estimate of carrying value of old inventory, in Q4 FY12. This resulted in a PBT of Rs. (13,100) lakhs for FY12, as compared to PBT of Rs. (9,300) lakhs last fiscal. However, these charges are non-recurring in nature.

Reduction in Net borrowings

Our efforts on cash flow management have been fruitful during the year. The net borrowings have come down significantly by 28% from Rs.26,413 Lakhs as of April 2011 to Rs.19,000 lakhs as of March 2012. This has been achieved through profitability improvement as well as better working capital management. Quarterly trend of the net borrowings can be seen in the chart below-



Through these efforts the Company has been able to reduce the Interest Costs for the year by 28% over previous year. This trend will continue during the coming years.

(Rs. in lakhs)

Interest Cost Savings	FY11	Fy12
Interest Cost	3,639	2,602

For the year 2012-13, we have undertaken certain key measures to improve our performance. Some of these are – focus on increasing share with existing customers, develop new customers and build on them, bring in product diversity, improving manufacturing efficiencies and sustaining the focus on tighter financial management. These initiatives along with improved productivity measures will help us achieve better results in the coming year.

Safety, Health, Environment and Corporate social responsibility-

We, as a responsible manufacturer, are committed to take adequate measures related to environment, employee health and safety in developing, manufacturing, storing, handling and distribution of our products. It is our responsibility to provide a workplace free from accidents, injuries and exposure to hazardous substances, conserve natural resources and prevent pollution to protect the environment.

Besides, as a constructive partner in the communities in which it operates, the Company has been taking concrete actions to realize its social responsibility objectives, thereby building value for its various stakeholders. We respect human rights, value our employees, and invest in innovative technologies. In the past four decades, the Company has supported innumerable social and community initiatives.

Some of the key initiatives that Company took in this year are-

- Natural resources conservation in our manufacturing facilities, eg, use of solar power for peripheral lighting, LED lights in selected applications
- Reinforcement of fire safety arrangements
- Free medical checkup/vaccination programs for the employees
- Training and seminars on various health and wellness topics

- Projects such as HER (Health Enable Returns) carried out in co-ordination with the team of Doctors from St. Johns Medical College, Bangalore.
- Awareness programs for Women employees on various topics viz. such as Nutritional food, Ergonomics, Domestic violence, Reproductive health, child & mother health care, and HIV & AIDS.
- Summer camps organized for children of our factory employees
- Scholarship program for employees' children as an education support initiative

Dividend

No dividend has been recommended by the Directors for the year.

Transfer to Reserves

Due to the loss sustained by the Company no amount is transferred to the Reserves.

List of Subsidiaries

Your Company has 13 subsidiary companies. The name of these companies is as under: All Colour Garments Private Limited, DeeJay Trading Private Limited, Glamourwear Apparels Private Limited, Madhin Trading Private Limited, Magenta Trading Private Limited, Rafter Trading Private Limited, Rajdin Apparels Private Limited, Reflexion Trading Private Limited, Rishikesh Apparels Private Limited, Seven Hills Clothing Private Limited, SNS Clothing Private Limited, Vignesh Apparels Private Limited and Robot Systems Private Limited

In terms of the specific approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, and in terms of the general permission granted by the Central Government to all companies vide General Circular No. 3/2011 dated February 21, 2011, the Audited Financial Statements along with the reports of the Board of Directors and the Auditors pertaining to the above subsidiaries have not been attached to this Report. The Financial Statements of the said subsidiaries will be kept for inspection by any investor at the registered office of your Company and that of the subsidiary companies. Investors who want to have a copy of the above may write to the Compliance

Officer at the registered office.

Fixed Deposits

During the year under review, the Company has neither accepted nor renewed any deposits from public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

Corporate Governance

Your Company is committed to maintaining the highest standards of Corporate Governance. Your Directors adhere to the standards set out by the Securities and Exchange Board of India's (SEBI) Corporate Governance practices and accordingly have implemented all the major stipulations prescribed. Your Company's Corporate Governance Compliance Certificate dated July 27, 2011 in line with Clause 49 of the Stock Exchange Listing Agreement is given along with the Corporate Governance Report.

Management Discussion and Analysis

Management Discussion and Analysis Report is given separately, forming part of this Annual Report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement with Stock Exchanges.

ESOP's

GEL ESOP Scheme 2010 was approved by the shareholders at the previous annual general meeting. Stock options are yet to be granted.

Listing

The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The company has paid the listing fees to the respective stock exchanges till date. The Company's shares are tradable compulsorily in the dematerialized form and the Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) for trading in electronic form.

Directors

During the year under review, there are no changes in the composition of the Board of Directors of the Company.

During the current fiscal 2012 - 13, Mr. Prince Asirvatham, Mr. Partha Sarkar and Mr. Akhilesh K Gupta, have tendered their resignation to the Board of Directors, due to preoccupation. The Board of Directors at their meeting held on July 27, 2012 has accepted their resignation.

The Board would like to take this opportunity to thank outgoing Director Mr. Prince Asirvatham. He brought unique focus on governance during Audit Committee and Board meetings, and provided valuable while helping management efforts in turning around the business. He has helped us steer the Company through some turbulent times towards a path of sustainable growth.

The Board would also like to place on record our utmost appreciation of the contribution made by Mr. Partha Sarkar during his tenure as Director of the Company. He has been an active participant at the Board meetings of the Company, provided alternate views on some of the critical aspects of managing the Company, helped bring cash flow focus as well as provided deep insights into better process management on key issues. His governance focus has helped us in our efforts towards change management particularly over the past 18 months.

Finally, the Board would like to thank Mr. Akhilesh K Gupta for devoting his valuable time to help the Company focus on key deliverables, build organization capability and good governance, and particularly, his unstinted support during difficult times.

During the year under review, Mr. Arun K. Thiagarajan and Mr. N. Rangachary, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The detailed profile of the Directors seeking reappointment is mentioned in the notice of the ensuing Annual General Meeting.

Auditors

The Company's Joint Auditors, M/s S.R. Batliboi & Co., Chartered Accountants and M/s Girish Murthy & Kumar Chartered Accountants hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received the requisite certificate from them pursuant to Section 224(1B) of the Companies Act, 1956, confirming their

eligibility for re-appointment as Auditors of the Company.

Particulars of Employees

In accordance with the provisions of Section 217(2A) read with Companies (Particulars of Employees), Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors' Report.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, the Whole-time Management state that:

- I) In the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- II) They 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 and of its profits for the year ended March 31, 2012;

III) They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

IV) They have prepared the financial statements for the year ended March 31, 2012 on a going concern basis.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

In pursuance of the provisions of section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is given below

A. Conservation of Energy

The operations of the Company are not energy intensive. However, wherever possible the Company strives to curtail the consumption of energy on continued basis.

B. Technology absorption, adaptations and innovation

Not Applicable

C. Foreign Exchange Earnings and Outgo

Foreign Exchange: Rs 74,819.93 lakhs earned

Out go : Rs 16,939.50 lakhs

Acknowledgements and Appreciation

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. We are sure you will join our Directors in conveying our sincere appreciation to all employees of the Company for their hard work and commitment.

On behalf of the Board of Directors

Richard B. Saldanha
(Chairman)

July 27, 2012
Bangalore

Gautam Chakravarti
(CEO)

ANNEXURE TO DIRECTORS' REPORT

Disclosure as per order of Ministry of Corporate Affairs' General Circular Letter No. 2/2011 CL-III dated 8th February 2011.

Subsidiary's financial summary

Amount in Lakhs

Name of the Company	All Colour Garments Pvt Ltd	Deejay Trading Pvt Ltd	Glamounwear Apparels Pvt Ltd	Madhin Trading Pvt Ltd	Magenta Trading Pvt Ltd	Rafter Trading Pvt Ltd	Rajdin Apparels Pvt Ltd	Reflexion Trading Pvt Ltd	Rishikesh Apparels Pvt Ltd	Seven Hills Clothing Pvt Ltd	SNS Clothing Pvt Ltd	Vignesh Apparels Pvt Ltd	Robot Systems Pvt Ltd
Capital	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00	12.00
Reserves-Dr Balance -	-	-	72.62	-	-	-	-	-	-	-	-	-	7.63
Total Assets (Gross)*	368.01	484.70	928.29	312.97	607.60	471.93	557.71	354.90	646.75	1,300.98	1,690.24	105.75	6.45
Total Liabilities	368.01	484.70	928.29	312.97	607.60	471.93	557.71	354.90	646.75	1,300.98	1,690.24	105.75	6.45
Details of investments (except in case of investments in subsidiaries)	-	-	-	-	-	-	-	-	-	-	-	-	-
Turnover (Total revenue)	132.42	2,306.23	4,225.20	999.13	3,088.62	2,548.16	2,077.37	1,540.29	2,811.24	5,947.74	1,190.15	204.24	-
Profit/ (Loss) before taxation	2.65	9.18	(193.48)	17.65	3.73	2.52	24.99	9.86	45.72	30.09	15.01	0.96	(0.22)
Provision for taxation	0.49	7.46	7.17	4.20	2.54	1.48	21.51	7.85	42.10	26.75	12.00	0.18	-
Profit after taxation	2.16	1.72	(200.65)	13.45	1.19	1.04	3.48	2.01	3.62	3.34	3.01	0.78	(0.22)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-

*NOTE: Corresponding figures for previous year presented have been regrouped, wherever necessary to confirm to the current year's classification. The detailed financials of the subsidiary companies shall be made available to any shareholder seeking such information.

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 2012

Sr. No.	Name	Designation	Qualification	Age (years)	Previous Employer	Designation at previous employment	Date of Joining	Gross Remuneration (Rs.)
								Amount Rs. in Lakhs
1	Gautam Chakravarti	Director & Chief Executive Officer	MA (ECO) MBA (IIMB)	59	Blackstone advisors india pvt ltd	Executive Director	4/1/2011	10,000,000
2	Sumit Keshan	Chief Financial Officer	CA, CWA	43	Deutsche bank	Director	10/20/2010	7,700,000

Notes:

1. Remuneration above is on cost to company basis, i.e. basic salary, all perks and allowances, incentives and employer's contribution to provident fund.
2. None of the employees is related to any director of the Company.
3. The terms of employment of the above-referred employees/directors are contractual and they perform such duties as prescribed there under.
4. None of the above-referred employees hold shares exceeding 1% as on March 31, 2012.
5. There are no employees who have been employed for the part of the year, whose remuneration exceeds the limit as prescribed under the Section 217(2A) of the Companies Act, 1956.

For and on behalf of the Board of Directors

Bangalore
May 21, 2012

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & CEO

CORPORATE GOVERNANCE REPORT

In compliance with the Corporate Governance reporting requirements as per the format prescribed by the Securities Exchange Board of India and incorporated in clause 49 of the Listing Agreements with the Stock Exchanges, the Company's policies on Corporate Governance and compliance thereof, for the year ended March 31, 2012 is enumerated below for information of the shareholders and investors of the Company.

Company's philosophy on Corporate Governance

In keeping with its commitment to the principles of good corporate governance, which it has always believed leads to efficiency and excellence in the operations of a company, your Company has been upholding fair and ethical business and corporate practices and transparency in its dealings. The Company continuously endeavours to review, strengthen and upgrade its systems and processes so as to bring in transparency and efficiency in its various business segments.

Good Corporate Governance leads to long-term shareholder value and enhances interests of other stakeholders. It brings into focus the fiduciary and trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder value.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement existing as of March 31, 2012 and presents the following Corporate Governance Report for the year 2011-12, based on the said disclosure requirements.

Board of Directors

The Board is headed by Non-Executive Chairman, Mr. Richard B. Saldanha, and is composed of eminent persons with considerable professional experience in diverse fields viz, manufacturing, marketing, finance, banking, legal, management and commercial administration and comprises a majority of Non-Executive Directors. The Gokaldas Exports Board is a balanced Board, comprising of Executive and Non-Executive Directors. As on March 31, 2012, of the Nine Directors, Eight (i.e. 88.89%) are Non-Executive Directors and Five (i.e. 55.56%) are Independent Directors.

The composition of the Board and category of Directors as on March 31, 2012 is as follows:

Sl. No.	Name of Directors	Category
1.	Mr. Richard B. Saldanha	Non Executive Director
2.	Mr. Gautam Chakravarti	Executive Director & CEO
3.	Mr. Partha Sarkar	Non Executive & Independent Director
4.	Mr. N Rangachary	Non Executive & Independent Director
5.	Mr. Prince Asirvatham	Non Executive & Independent Director
6.	Mr. Arun K.Thiagarajan	Non Executive & Independent Director
7.	Mr. J. H. Mehta	Non Executive & Independent Director
8.	Mr. Akhilesh K. Gupta	Non Executive Director
9.	Mr. Mathew Cyriac	Non Executive Director

The composition of the Board is in conformity with Clause 49(I) (A)(ii) of the Listing Agreement.

Meetings

The meetings of the Board of Directors are normally held at the Company's Registered Office in Bangalore. During the year under review, 4 four meetings were held on May 25th, 2011, July 27th, 2011, November 04th, 2011 and February 02nd, 2012.

The Company Secretary prepares the agenda and explanatory notes, in consultation with the Chairman and CEO and circulates the same well in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board is provided with the relevant information as stipulated in Clause 49 of the Listing Agreement. The Meetings are governed by a structured agenda.

CORPORATE GOVERNANCE REPORT

The details of the Board meetings for the financial year 2011-2012 are as under:

Sl.no	Date of the Board Meeting	Board Strength	No of Directors Present
1	May 25, 2011	9	7
2	July 27, 2011	9	7
3	November 04, 2011	9	8
4	February 02, 2012	9	7

The last Annual General Meeting (AGM) was held on Friday, September 9, 2011, 11.30 AM

Particulars of the directorship of the Board, membership and office of the Chairman of Board Committees across all Companies as on March 31, 2012 and attendance at the Board Meetings of the Company are given below:

Directors Details :

Sl No	Name	Designation of the Director and Category	No of Meetings		No of Directorship* and Committee** Memberships/Chairmanships in Public Limited Companies			Whether attended last AGM
			Held	Attended	Director-ships held	Committee Member-ships	Committee Chairman-ships	
1	Mr. Richard B. Saldanha	Chairman & Non Executive Director	4	4	4	2	Nil	Yes
2	Mr. Gautam Chakravarti	Whole-time Director & CEO, Executive Director	4	4	3	1	Nil	Yes
3	Mr. Partha Sarkar	Non Executive and Independent Director	4	4	2	Nil	1	No
4	Mr. N Rangachary	Non Executive and Independent Director	4	4	7	2	3	No
5	Mr. Prince Asirvatham	Non Executive and Independent Director	4	4	2	1	1	Yes
6	Mr. Arun K. Thiagarajan	Non Executive and Independent Director	4	3	8	7	Nil	Yes
7	Mr. J. H. Mehta	Non Executive and Independent Director	4	3	2	2	Nil	Yes
8	Mr. Akhilesh K. Gupta	Non Executive Director	4	1	5	2	Nil	No
9	Mr. Mathew Cyriac	Non Executive Director	4	2	5	2	Nil	No

* The number of directorship excludes directorship of private companies, foreign companies, companies incorporated under section 25 of the Companies Act, 1956.

** Committee includes audit committee and shareholders investors' grievance committee of public limited companies (excluding foreign companies and section 25 companies) in terms of Clause 49 of the Listing Agreement.

Remuneration to Executive Directors

Rs in Lakhs

Name of the Director	Designation	Total
Mr. Gautam Chakravarti	Wholetime Director & CEO	100.00

The terms and conditions of the executive director's appointment and remuneration are governed by the resolution passed by the shareholders of their respective appointment; The Company has not entered into separate agreement for the contract of services with the executive director.

No remuneration is paid to non- executive directors except Independent Directors as detailed below

Independent Directors are entitled to sitting fee only and are not entitled to any remuneration. During the financial year 2011-12, the setting fees paid to Independent Directors is detailed below:

Rs. in Lakhs

Name	Board Meeting	Audit Committee	Shareholders Grievance Redressal Committee	Compensation Committee	Remuneration Committee	Total
Mr. Partha Sarkar	0.80	NA	NA	NA	NA	0.80
Mr. N Ranga chary	0.80	1.00	NA	NA	NA	1.80
Mr. Prince Asirvatham	0.80	1.00	NA	NA	0.20	2.00
Mr. Arun K. Thiagarajan	0.60	0.80	0.20	NA	NA	1.60
Mr. J. H. Mehta	0.60	0.80	NA	NA	0.20	1.60

CORPORATE GOVERNANCE REPORT

Code of Conduct

In accordance with the Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct and Ethics for the Board of Directors, officers and Employees of the Company. The said Code of Conduct and Ethics is posted on the website of the Company: www.gokaldasindia.com. The Code is circulated to all the members of the Board, Officers and Employees of the Company on an annual basis and compliance of the same is affirmed by them on or before 31st March of every year.

CONFIRMATION OF THE CODE OF CONDUCT AND ETHICS BY WHOLETIME DIRECTOR & CEO.

To,

The Members
Gokaldas Exports Limited,
70, Mission Road,
Bangalore- 560 027

This is to confirm that the Company has adopted "Gokaldas Expert Group Code of Conduct and Ethics" for its employees including the officers and Board Members. In addition, the Company has adopted the Code of Conduct and Ethics for its Subsidiaries and Associate Company.

The Code of Conduct & Ethics is posted on the Company's website, www.gokaldasindia.com

In accordance with Clause 49 (1) (d) of the Listing Agreement with the Stock Exchanges, I hereby conform that all the directors, officers and employees of the company have affirmed compliance to their respective Codes of Conduct and Ethics, as applicable to them for the financial year ended March 31, 2012.

Place : Bangalore

Date : July 27, 2012

Sd/
Gautam Chakravarti
Wholetime Director & Chief Executive Office

Risk Management

Your Company has a well- defined risk management framework in place. The risk management framework adopted by the Company is discussed in the Management Discussion and Analysis section of this Annual Report.

Committees of the Board

In compliance with the Listing Agreements and the SEBI Regulations, the Board has constituted a set of committees with specific terms of reference and scope to deal with specified matters expediently.

Presently, the Board has four committees:

1. Audit Committee
2. Shareholders Grievances Redressal Committee
3. Remuneration Committee and
4. Compensation Committee

1. Audit Committee

The Audit Committee of the Company functions in accordance with the requirements of Section 292A of the Companies Act, 1956 and the Listing Agreement.

Terms of Reference of the Audit Committee

- Chairman of the Audit Committee shall be an Independent Director.
- The Audit Committee may invite such executives of the Company as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the Committee. The CFO, Head of Internal Audit and representative of the statutory auditor may be present as invitees for the meetings of the Audit Committee.
- The Company Secretary shall act as Secretary of the Audit Committee.
- The Audit Committee shall meet at least four times in a year and not more than four months shall elapse between two meetings.
- The quorum shall be either two members or one-third of the members of the Audit Committee, whichever is higher but there shall be a minimum of two independent members present.

Role of Audit Committee

The role of the Audit Committee shall include the following:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Boards' Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications, if any, in the draft limited review audit report and audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function.
- Discussion with Internal Auditors any significant findings and follow-up there on.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Powers of the Audit Committee

The Audit Committee has the following powers:

- to investigate any activity within its terms of reference.
- to seek information from any employee.
- to obtain outside legal or other professional advice.
- to secure the attendance of outsiders with relevant expertise, if it considers necessary.

Review of information by Audit Committee:

The Audit Committee reviews the following information:

- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions (as defined by the Audit Committee) submitted by Management.
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment and removal of the Internal Auditor.

CORPORATE GOVERNANCE REPORT

Constitution of Audit Committee:

During the year under review, the Audit Committee of the Company consists of four members and all are Independent Directors with vast experience in Financial Management. The members of the Committee are

1. Mr. Prince Asirvatham, Chairman
2. Mr. Arun K. Thiagarajan
3. Mr. J. H. Mehta and
4. Mr. N Rangachary

Composition and details of Audit Committee Meetings during the financial year:

During the financial year ended March 31, 2012, five Meetings of the Audit Committee were held on May 21, 2011, May 25, 2011, July 27, 2011, November 4, 2011 and February 02, 2012. The composition of the Audit Committee and the number of meetings attended during the year under review are as under:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Prince Asirvatham	5	5
Mr. Arun K. Thiagarajan	5	4
Mr. J. H. Mehta	5	4
Mr. N Rangachary	5	5

Shareholders Grievances Redressal Committee

During the year under review, the Shareholders Grievances Redressal Committee of the Company consists of 3 members. Mr. Arun K. Thiagarajan, Non Executive and Independent Director is the Chairman of the Committee.

During the year under review, One Meeting of the Shareholders Grievances Redressal Committee was held.

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Arun K. Thiagarajan	1	1
Mr. Richard B. Saldanha	1	1
Mr. Gautam Chakravarti	1	1

The Shareholders Grievances Redressal Committee is authorized to:

1. Monitor the system of share transfer, transmission, sub-division, consolidation of share certificates and issue of duplicate certificates.
2. Deal with all investor related issues including redressal of complaints from shareholders relating to transfer of shares, non-receipt of annual report, etc.
3. Delegate such powers to Company's officers, as may be necessary including powers to approve transfers, transmissions, authenticate share certificates and to take other actions in relation to Shareholders' related matters.

The Company through its Registrar and Share Transfer Agents has resolved most of the investor grievances / correspondence at the earliest from the date of their receipt.

The statistics of Shareholders complaints received / redressed, during the year under review is appended below:

No. of Shareholders complaints pending as at April 01, 2011	Nil
No. of Complaints relating to Non-receipt of dividend warrants, Redemption / Interest warrants, Annual Reports, Share certificates, endorsement stickers, change of address, deletion of name and others received during the year April 01, 2011 to March 31, 2012	6
No. of Shareholders complaints resolved during the year April 01, 2011 to March 31, 2012	6
No. of Shareholders complaints pending as on March 31, 2012	Nil

Secretarial Audit for Reconciliation of Capital

A Secretarial Audit was carried out by a qualified Practicing Company Secretary for reconciling the total admitted

CORPORATE GOVERNANCE REPORT

capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDS. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors.

3. Remuneration Committee

The Company has constituted a remuneration committee on April 01, 2009 to carry on functions relating to determination of the remuneration payable to the Directors, recommendation for appointment/ reappointment of the Managing Directors/Whole-Time Directors, revision in remuneration of the existing Directors of the Company from time to time.

As on March 31, 2012, the Remuneration Committee comprises of Mr. J. H. Mehta (Chairman), Mr Arun K Thiagarajan and Mr Prince Asirvatham as members.

The number of Remuneration Committee meetings attended during the year under review is as under:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. J. H. Mehta	1	1
Mr. Arun K. Thiagarajan	1	Nil
Mr Prince Asirvatham	1	1

4. Compensation Committee

As required under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Compensation Committee is to be constituted to over see Employee Stock Option's (ESOP) granted by the Company.

GEL ESOP Scheme 2010 was approved by the members at the Annual General Meeting held on September 17, 2010. Compensation Committee was constituted on August 2, 2010. As on March 31, 2012, the Compensation Committee consists of Mr J. H. Mehta, Chairman, Mr. Prince Asirvatham and Mr. Gautam Chakravarti.

ESOP are yet to be granted. No Compensation Committee meeting was held during the year.

Disclosures

Disclosures on materially significant related party transactions

The related party transactions during the year ended March 31, 2012 have been listed in the notes to the accounts. Shareholders may please refer the same. However, these are not in conflict with the interests of the company at large. There are no material individual transactions which are not in the normal course of business.

Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any member related to capital markets

There has been no non-compliance of any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI or any other statutory authorities on any matters relating to the capital markets.

Compliance with mandatory requirements of Clause 49 of the Listing Agreement

The Company has complied with all mandatory requirements of the Clause 49 of the Listing Agreement.

Compliance with non-mandatory requirements of Clause 49 of the listing agreement

The Company has complied with the non-mandatory requirements to the extent detailed above.

Accounting Treatment

The guidelines/accounting standards notified under Section 211(3C) of the Companies Act, 1956 and relevant provisions of the Companies Act, 1956 have been followed in preparation of the financial statements of the Company.

Capital Issues

The Company has not made any capital issues during the year April 01, 2011 to March 31, 2012

CORPORATE GOVERNANCE REPORT

General Body Meeting

Details of Annual General Meetings (AGM) of the Company held for the last three years:

Financial Year	Day, date & Time	Location
2008-09	Tuesday, September 22, 2009, 10:30 AM	The Atria Hotel, No.1, Palace Road, Bangalore – 560 001
2009-10	Tuesday, September 17, 2010, 10:30 AM	The Atria Hotel, No.1, Palace Road, Bangalore – 560 001
2010-11	Tuesday, September 9, 2011, 11.30 AM	NIMHANS Conventional Hall, Hosur Road, Bangalore – 560 029

Special Resolutions passed during the last 3 Years

Date of AGM	Number of Special Resolutions	Details of Special Resolution passed
Tuesday, September 22, 2009	2	To appoint Shri Rajendra J Hinduja as the Managing Director of the Company. To re-appoint Shri Madanlal J Hinduja as the Executive Chairman of the Company.
Tuesday, September 17, 2010	3	To appoint Shri Dinesh J Hinduja as the Executive Director of the Company. To issue stock options to the employees of the company- GEL ESOP Scheme 2010. To issue stock options to the employees of the subsidiary companies under GEL ESOP Scheme 2010.
Tuesday, September 9, 2011	2	To appoint Mr. Gautam Chakravarti, as Whole-time Director & Chief Executive Officer of the Company for 3 years with effect from April 1, 2011 to March 31, 2014. To issue stock options to the employees (including the Directors of the Company whether Whole-time Directors or not) of the Company under GEL-ESOP Scheme 2010.

Postal Ballot

There were no ordinary or special resolutions that were passed by the shareholders through a postal ballot for the year ended March 31, 2012.

Insider Trading

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has prescribed a Code of Conduct for Prevention of Insider Trading and a Code of Corporate Disclosure Practices.

The Company observes a closed period for trading in securities of the Company by the Directors/Officers and Designated Employees of the Company for a minimum period of seven days prior to the close of the quarter/half year/year and up to 24 hours after the date on which the results for the respective quarter/half year/year are declared.

Auditor's Certificate on Corporate Governance

As required under clause 49 of the Listing Agreement, a certificate from the Statutory Auditors' is obtained regarding compliance of conditions of corporate governance and is annexed and forms part of the Annual Report.

CEO / CFO Certificate

As required by clause 49 of the Listing Agreement, the certificate issued by the Wholetime Director & CEO and CFO on financial statements etc., is provided elsewhere in the Annual Report.

Means of Communication

The annual audited financial results, the quarterly / half yearly unaudited financial results are generally published in, the Financial Express and Samyukta Karnataka (a regional daily published from Bangalore). These results are also posted on the Company's website at www.gokaldasexports.com. Other information like shareholding pattern (quarterly), Corporate Governance Report, Memorandum and Articles of Association of the Company (with amendments thereof, if any), Annual Reports etc., are also posted on our website as soon as they are released/ published.

Investor Grievances and Share Transfer

The Company has a Board level Investor Grievances Committee to examine and redress shareholders' and investors' complaints. The status on complaints and share transfers is reported to the Board. For matters like dividends, change of address, refunds, demat, remat of shares etc., the shareholders/investors should communicate with Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the company. Their address is given in the section on General Shareholder Information.

CORPORATE GOVERNANCE REPORT

General Shareholder information:

Annual General Meeting	NIMHANS Convention Center NIMHANS Hosur Road Bangalore – 560029 11:30AM
Date of Book Closure	27th August, 2012 to 3rd September, 2012
Financial Results Calendar (tentative)	<p>Fourth week of July, 2012 - Unaudited Results for the quarter and three months ended June 30, 2012.</p> <p>Fourth week of October, 2012 - Unaudited Results for the quarter and six months ended September 30, 2012.</p> <p>Fourth week of January, 2013- Unaudited Results for the quarter and nine months ended December 31, 2012.</p> <p>Fourth week of May, 2013 - Audited Results for the year ended March 31, 2013</p>
Listing on Stock Exchanges	National Stock Exchange, Mumbai (Script Code - GOKEX) Bombay Stock Exchange, Mumbai (Script Code - 532630)
International Securities Identification Number (ISIN)	INE887G01027
Corporate Identification Number (CIN)	L18101KA2004PLC033475

The Company has paid annual listing fees, as prescribed, to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, Mumbai for the Financial Year 2012-13.

Custodial Fee

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No.MRD/DoP/SE/DEP/CIR-4/2005 dated 28th January, 2005 and MRD/DoP/SE/DEP/CIR-2/2009 dated February 10, 2009, Issuer Companies are required to pay custodial fees to the depositories. Accordingly, the Company has paid custodial fee for the year 2011-12 to NSDL and CDS on the basis of the number of beneficial accounts maintained by them as on 31st March 2011.

Registrar & Share Transfer Agents:

Share registration and other investor related activities are carried out by our Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited for both Physical and Demat securities. Their address is given below:

Karvy Computershare Private Limited

Plot No.17-24, Vithal Rao Nagar,
Madhapur, Hyderabad - 500 034
Tel: 040-44655000/44655178 - 828 Fax: 040-23440814
E-mail: einward.ris@karvy.com, www.karvycomputershare.com
Contact person: Mr Sreedharmurthy / Mrs. Sravanthi Kodali

Share Transfer System:

Shares sent for transfer in physical form are registered and dispatched within 15 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 15 days. Monitoring of Share Transfers and other investor related matters are dealt with by the Shareholders' Grievance Committee. The Company's Registrars, M/s. Karvy Computershare Private Limited process the share transfers in respect of physical securities on a fortnightly basis and the processed transfers are approved by the authorized Executives of the Company also on a fortnightly basis. All requests for dematerialization of shares, which are in order, are processed within 15 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

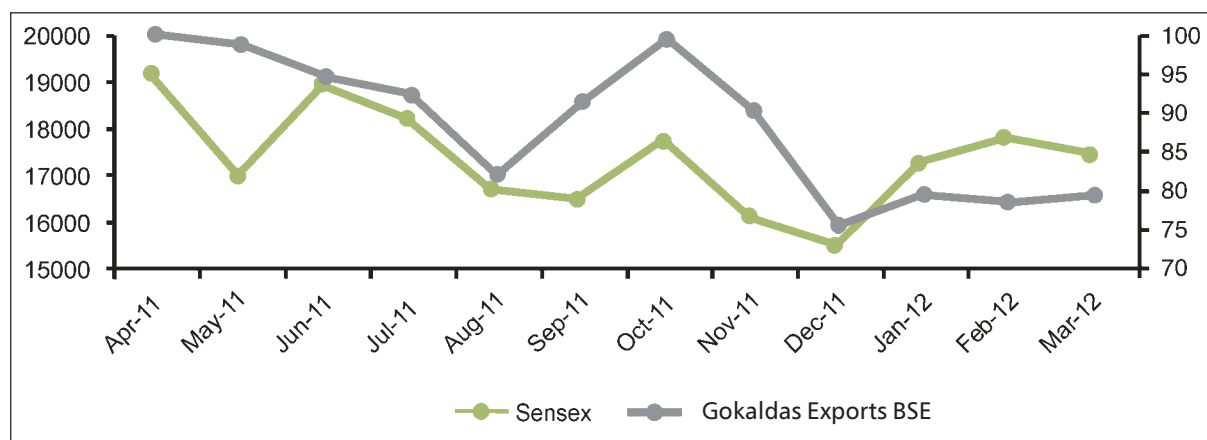
CORPORATE GOVERNANCE REPORT

Stock price Data:

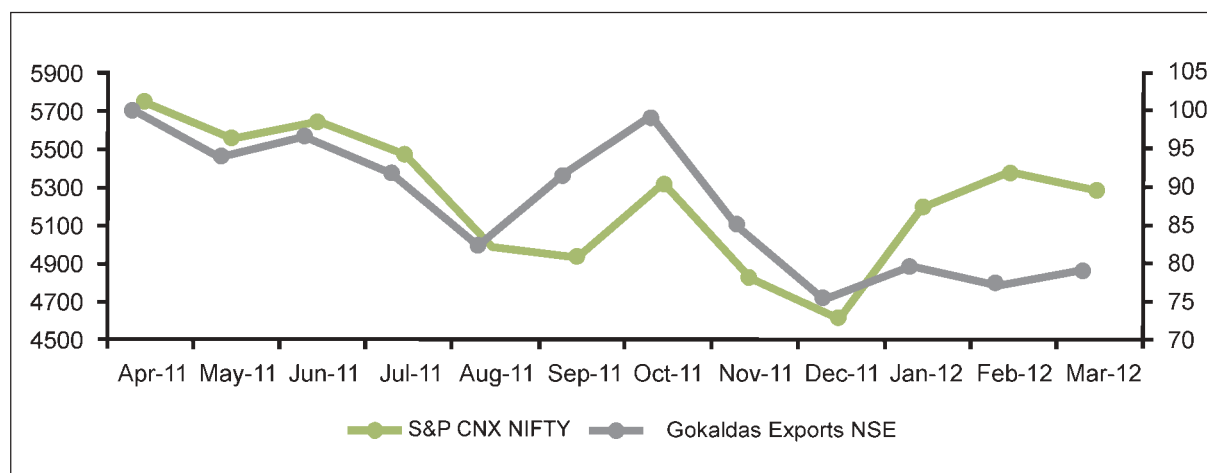
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs)	Low (Rs)	No of shares traded	High (Rs)	Low (Rs)	No of shares traded
April-11	108.40	95.15	9,687	109.10	93.40	20,892
May-11	102.75	93.15	9,186	102.00	94.00	7,555
Jun-11	107.00	92.00	8,000	107.50	91.10	15,367
Jul-11	107.75	91.65	26,398	105.00	91.00	44,549
Aug-11	95.00	66.10	14,624	96.00	66.00	29,763
Sep-11	104.70	72.50	27,34,795	105.00	72.25	765,322
Oct-11	101.75	82.65	45,872	101.00	83.05	72,975
Nov-11	100.90	80.20	9,967	102.75	79.80	21,136
Dec-11	89.35	69.05	16,760	90.00	68.95	18,371
Jan-12	85.45	72.60	13,029	85.00	70.60	9,138
Feb-12	89.90	75.05	14,812	85.00	74.00	35,216
Mar-12	88.55	70.30	15,485	87.80	71.00	22,023

Stock Performance:

BSE – SENSEX Vs Gokaldas Exports Share Price (Monthly Closing)



NSE – S&P CNX NIFTY V/s Gokaldas Exports Share Price (Monthly Closing)

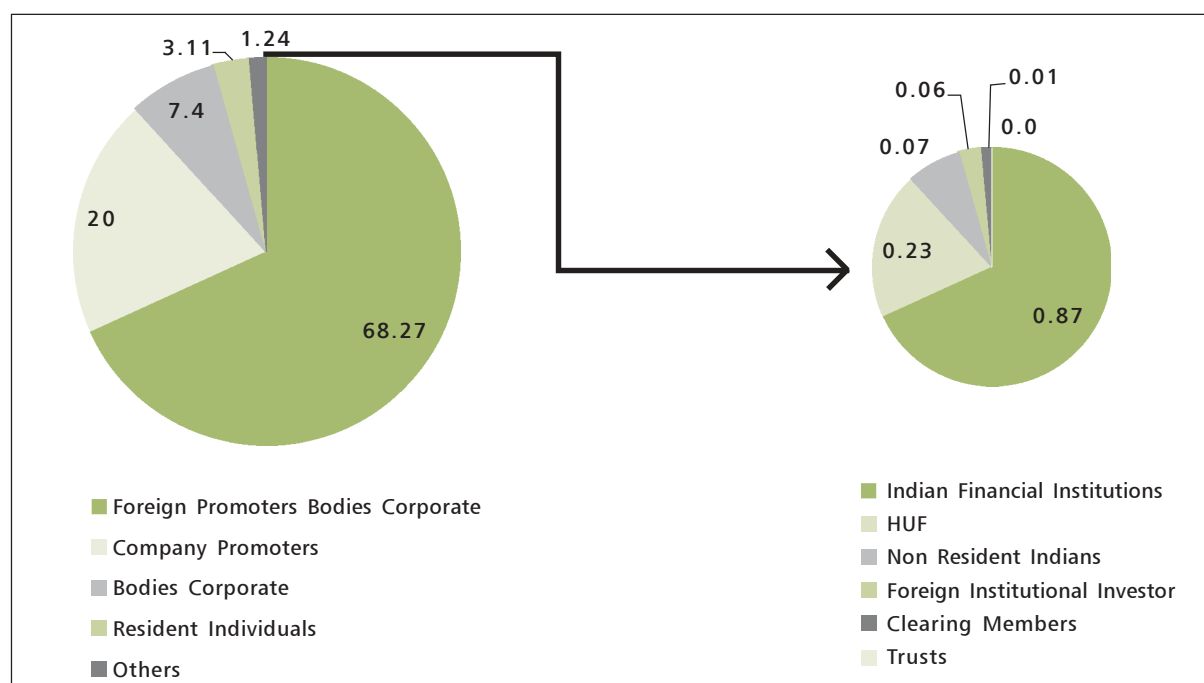


CORPORATE GOVERNANCE REPORT

Shareholding Pattern as on March 31, 2012:

Sno	Description	Cases	Shares	%Equity
1	Clearing Members	24	3,132	0.01
2	Foreign Institutional Investor	1	19,741	0.06
3	H U F	363	77,349	0.23
4	Indian Financial Institutions	1	299,484	0.87
5	Bodies Corporate	232	2,542,535	7.40
6	Non Resident Indians	125	22,376	0.07
7	Foreign Promoters Bodies Corporate	1	23,469,242	68.27
8	Company Promoters	6	6,874,202	20.00
9	Resident Individuals	10,025	1,067,924	3.11
10	Trusts	1	15	0.00
	Total:	10,779	34,376,000	100.00

*Mr Rajendra J Hinduja and Mr Dinesh J Hinduja Directors stepped down from the Board effective March 31, 2012.



Sl. No.	DP Id	Folio/ Client ID	Name of concern/ person	Shares	% Equity	Category
1	IN301348	20015218	Blackstone Fp Capital Partners (Mauritius) V- B Subsidiary Ltd.	23,469,242	68.27	PFB
2	IN301926	30583427	Dinesh J Hinduja	2,228,464	6.48	PRO
3	IN301926	30583450	Madanlal J Hinduja	1,914,158	5.57	PRO
4	IN301926	30583435	Rajendra J Hinduja	1,914,138	5.57	PRO
5	IN302927	10121528	Sharanya Trading Private Limited	1,413,513	4.11	LTD
6	IN302927	10119135	Claris Trading Pvt Ltd	867,000	2.52	LTD
7	IN301926	30583484	Aswin R Hinduja	377,596	1.10	PRO
8	IN301926	30583476	Vivek M Hinduja	376,576	1.10	PRO
9	IN300812	10000012	Life Insurance Corporation Of India	299,484	0.87	IFI
10	IN300126	10002392	Manoj H Modi and Smita M Modi	65,000	0.19	PUB

CORPORATE GOVERNANCE REPORT

Distribution of Shareholding on March 31, 2012:

Slno	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	10,737	99.61	1,005,132	2.92
2	5001 - 10000	18	0.17	126,992	0.37
3	10001 - 20000	9	0.08	136,509	0.40
4	20001 - 30000	3	0.03	78,445	0.23
5	40001 - 50000	1	0.01	40,481	0.12
6	50001 - 100000	2	0.02	128,270	0.37
7	100001 and above	9	0.08	32,860,171	95.59
	TOTAL:	10,779	100.00	34,376,000	100.00

Dematerialization of shares and Liquidity as on March 31, 2012:

Category	No. of Holders	Total Shares	% To Equity
PHYSICAL	11	551	0.00
NSDL	8,460	34,052,508	99.06
CDSL	2,308	322,941	0.94
Total:	10779	34,376,000	100.00

No of Shares in Demat form as on March 31, 2012

No of Shares	% of Shares	No of Shareholders	% of Shareholders
34,375,449	99.998	10,768	99.897

Plant Location

Sl. No. Address	Sl. No. Address
1. Atlantic Apparels – III – Hyderabad Survey No. A-7/1, Nacharam, Rangareddy District, Hyderabad. Andhra Pradesh	8. Gokaldas Exports (P) Ltd, R &D - III # 76/1, II & III Floor, Mission Road, Kalingarao Road, Bangalore-560 027. Karnataka
2. Carnival Clothing Co, No.2/A-1, Chikkaveeranna Road Cross, Bannimantap Etn, Mysore – 15, Karnataka	9. Gokaldas Exports Ltd Sez Division, Plot No.6/1, Phase - 2, Mepz - Sez, Tambaram, NH - 45, Chennai - 600 045. Tamil Nadu
3. Carnival clothing company-II Benganur Village Bangarpet - KGF Road, Bangarpet, Karnataka	10. Global Garments -Unit-I No.17/1-38/4 Industrial Suburb, Bangalore, Karnataka
4. Dressmaster Suits, No.76/77, 6th Main, 3rd Phase, Peenya Industrial Area, Bangalore - 560 058, Karnataka	11. Global Garments-III, No.44, 3rd Cross, Industrial Suburb, Yeshwanthpur, Bangalore-560 022. Karnataka
5. Euro Clothing Co - I, No.122/1, Doddabidarakallu Village, Yeshwanthpur – 560 022 Bangalore. Karnataka	12. Gokaldas India, No.21C & 21B, Survey No.34,35,36 & 37, Nallakadaranahalli, Peenya II Stage, Industrial Area, Peenya, Bangalore-560 058. Karnataka
6. Euro Clothing Company II T.B.Road Srirangapatna, Mandya, Karnataka	13. Hinduja Proc & Fins Unit, No.2, 5th Cross, Mysore Road, Bangalore-560 023. Karnataka
7. Gokaldas Exports Ltd, R &D -I No.70, Mission Road, Bangalore-560 027, Karnataka	14. Hinduja Sports Wear, No.73/19/5, Industrial Suburb, Yeshwanthpur, Bangalore-560 022. Karnataka

CORPORATE GOVERNANCE REPORT

Sl. No. Address	Sl. No. Address
15. International Clothing Company – I #B2, B3 & B4, Indl Estate, Madanapalli -517 325. Andhra Pradesh	24. Luckytex-III, No.17/A-34/A-1, Industrial Suburb, Yeshwanthpur, Bangalore-560 022. Karnataka
16. International Clothing Company-II Survey No.113, Hongasandra Village, Begur Hobli, (Near Bhondary Factory) 7th Mile, Hosur Road, Bangalore-560 068, Karnataka	25. Sri Krishna Industries, No.25/26, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bangalore-560 022. Karnataka
17. International Clothing Company-IV Survey No.112,A Block, Near Bhandary Factory, 7th Mile, Hosur Road, Bangalore-560 068, Karnataka	26. Triangle Apparels-I, Site No.804/75, 7th Ward, Near Tilak Park Police Station, Jayapure Road, Tumkur - 01. Karnataka
18. Intex I, No.31, Magadi Road, Bangalore-560 023, Karnataka	27. Triangle Apparels-II, No.106/5,6,7,8,9, Rachenahalli, Arabic College Post, Bangalore-560 045. Karnataka
19. The Intex II, #26, 2nd Cross, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bangalore-560 022 Karnataka	28. Triangle Apparels – VI, # 25/26, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bangalore – 22, Karnataka
20. The Intex V, #13 & 4, 1st A Cross Kamakshipallya, Magadi Main Road Bangalore - 560 079, Karnataka	29. The Unique Creations, No.44, Industrial Suburb, 3rd Main, II Stage, Yeshwanthpur, Bangalore-560 022, Karnataka
21. Indigo Blues, Plot No-2, KIADB Industrial Area, Doddaballapur - 581 203. Karnataka	30. Venkateshwara Clothing Company – II No.10, KHB, Colony Industrial Area, Yelahanka, Bangalore - 64. Karnataka
22. J.D.Clothing Company, No.9, Rajajinagar Industrial Estate, Bangalore-560 010. Karnataka	31. Wearcraft Apparels – I No.17/1-38/4-1, Industrial Suburb, Yeshwanthpur, Bangalore-560 022. Karnataka
23. Luckytex Unit-I No.17/A-34/A-1 Industrial Suburb, Bangalore, Karnataka	32. The Wearwel II Industrial Estate N.H-206, Tiptur, Karnataka

Address for Correspondence

Registered office
70 Mission Road, Bangalore 560027
Phones: 80-22223600 / 1 / 2 / 41272200
Fax : 91-80- 22274869 / 22277497
Email: cs@gokaldasexports.com;
investorcare@gokaldasexports.com

Registrar and Transfer Agent:

Shri K Sreedharamurthy, Senior Manager
Karvy Computershare Private Limited
(Unit: Gokaldas Exports Limited)
Plot No. 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081
Phone : 040 - 4465 5186
Fax : 040 - 2342 0814

CORPORATE GOVERNANCE REPORT

CEO AND CFO CERTIFICATE

We, Gautam Chakravarti, CEO and Sumit Keshan CFO of Gokaldas Exports Limited, certify that:

- 1) We have reviewed financial statements and the cash flow statements (standalone and consolidated) for year 2011-12 and to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- 2) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violating Company's code of conduct.
- 3) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of Internal Controls Systems of the Company over financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls over financial reporting, if any, of which we are aware and the steps we have taken, or propose to take to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
- 4) We have indicated to the auditors and audit committee that there are:
 - (i) significant improvement in internal control over financial reporting during the year.
 - (ii) significant changes in accounting policies made during the year as have been disclosed in the notes to the financial statements.
 - (iii) No instances of fraud of which we were aware and the involvement therein, if any of the management or an employee having a significant role in the Company's internal control system on financial reporting.

For Gokaldas Exports Limited

Place: Bangalore
Date: July 27, 2012

Gautam Chakravarti
CEO

Sumit Keshan
CFO

CORPORATE GOVERNANCE REPORT

Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements

To

The Members of
Gokaldas Exports Limited

We have examined the compliance of conditions of corporate governance by Gokaldas Exports Limited, for the year ended on March 31, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s) in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **Girish Murthy & Kumar**
Chartered Accountants
Firm Registration Number: 000934S

per **A.V. Satish Kumar**
Partner
Membership No : F- 26526

Place : Bangalore
Date : July 16, 2012

MANAGEMENT DISCUSSION AND ANALYSIS

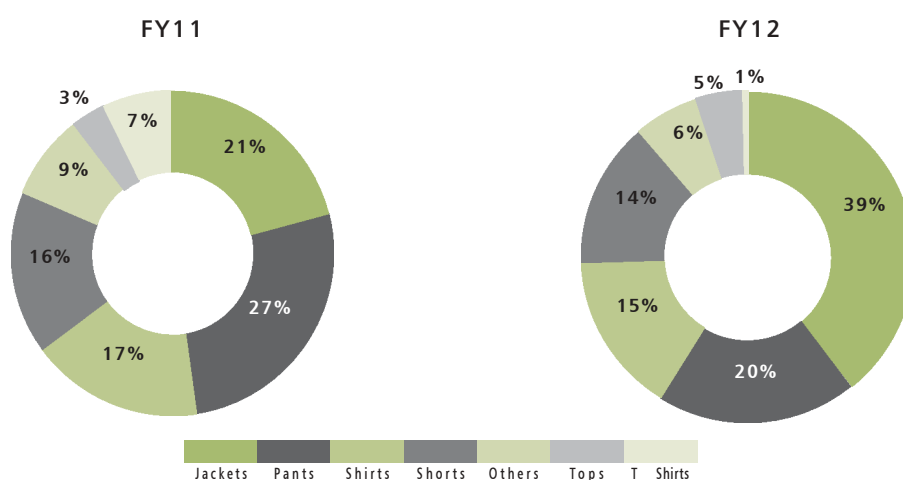
Introduction

Gokaldas Exports Limited (GEL) is one of the leading apparel exporters of India serving large global retailers. It is an ISO 9001:2001 certified company, with proven manufacturing, marketing, product design and development capabilities. It has more than 25 operating units spread across States of Karnataka, Tamil Nadu and Andhra Pradesh manufacturing around 2.5 million garments per month.

GEL has a diversified product portfolio across various categories of garments for men, women and children.

The following graph shows the product mix of past two years. There has been a shift towards the jackets and outerwear products in FY 2011-12 signifying move towards value added garments. We continue to offer wide range of products to meet our customer needs and continuously build upon capabilities to cater to the changing market requirements.

Category Movement

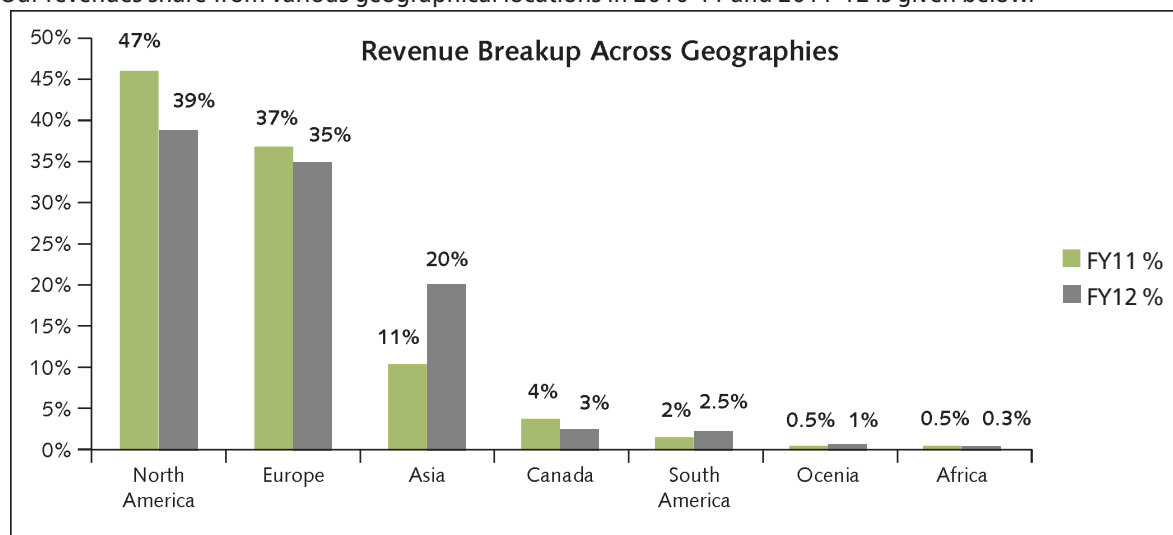


Industry Scenario

Global economic scenario has been weak during the year with crisis in Eurozone taking larger proportions. With Greece, Italy and now Spain reaching default stage, the situation is likely to worsen. In this backdrop, the global apparel industry is also impacted with large brands facing demand contraction as well as price depreciation.

Our key markets continue to be USA and Europe, at the same time, share of sales to the domestic retail sector is growing significantly. It presents opportunity for us as the Indian retail market continues reshaping itself from unorganized to organized structure.

Our revenues share from various geographical locations in 2010-11 and 2011-12 is given below.



MANAGEMENT DISCUSSION AND ANALYSIS

There is a shift in country wise revenue share in FY 12 over FY11 due to weakened demand from USA and Europe; however Asian economies seem to be faring better than their USA and European counterparts.

The customer confidence has been low which has resulted in price depreciation and demand for value for money products. This is prompting companies to re-strategize the product portfolio, take cost reduction measures and rationalize inventories. Further, Inflation particularly in the Asian economies has resulted in spiraling cost hurting profitability across the value chain. In this backdrop countries like Bangladesh, Vietnam and Indonesia with their low cost structure have been able to garner higher market share.

Opportunities and Challenges

India has strong advantages which presents great opportunity for the growth of this industry. India currently is globally the third largest cotton growing country behind USA and China, second largest producer of cotton yarn, third largest exporter of cotton fabric and the fourth largest exporter of synthetic fabric. With cotton prices coming down in the current fiscal, the country is in a unique position to offer competitive prices to customers. It also has a large pool of available manpower which is a key resource for our Industry.

The growing domestic demand is a big opportunity which can be capitalized by the industry. Moreover expansion in the apparel retail sector is unmatched with the domestic manufacturing capacities and would require expansion in terms of the organized manufacturing facilities. In such scenario organized large base manufacturers will have unique advantage in terms of product offering and competitive pricing because of scale advantages.

India's product design and development capability, integrated supply chain and higher level of social compliance scores above some of the other apparel manufacturing countries.

However above opportunities are not without the challenges stemming from the macroeconomic forces, a few of the challenges that apparel industry continues to face are:

- Sluggish global demand due to weakened western economies
- Continuing pricing pressures due to uncertain consumer sentiment and ripple effect across the value chain
- Wage and cost inflation- wage costs continue to rise on account of increased ,minimum wages and availability of skilled labor at competitive prices
- Diminishing policy support by the government –market share shifting to south east Asian countries/Bangladesh.
- Uncertain raw material prices due to heavy dependency on weather.

It can be seen from the below table, the market share of India has come down from 4.40% to 4.27% .This also indicates increase in market share for some countries like Bangladesh, Vietnam, Indonesia and Cambodia.

(US\$ in millions)

	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010	CY 2011
Total US Imports	71,629.83	73,922.59	71,568.57	63,104.15	71,398.00	77,659.48
YOY Growth (%)		3.20%	-3.18%	-11.83%	13.14%	8.77%
China	25.90%	30.80%	32.00%	37.20%	39.20%	37.85%
Vietnam	4.50%	5.90%	7.30%	8.00%	8.20%	8.56%
Indonesia	5.10%	5.40%	5.60%	6.10%	6.20%	6.51%
Bangladesh	4.10%	4.20%	4.80%	5.40%	5.50%	5.81%
India	4.40%	4.30%	4.30%	4.50%	4.40%	4.27%
India Exports-YOY Growth (%)		0.86%	-3.18%	-7.73%	10.63%	5.56%
Cambodia	3.00%	3.30%	3.30%	3.00%	3.10%	3.34%
Total for 6 countries	47.00%	53.80%	57.40%	64.30%	66.60%	66.32%
Total Excl. China	21.10%	23.00%	25.40%	27.00%	27.40%	28.48%

*Source- Ministry of Commerce, US. Government

Key Focus Areas

The company has formulated its strategies and identified key focus areas to improve performance in the current environment.

1. Top line growth – Strong focus on growing the top line by increasing share of business with existing customers and developing new customers
2. Foray into new product categories such as swim wear, work wear, sleeping bags
3. Focus on the India retail market and tap into its aggressive growth
4. Target capturing share of China business in the back drop of current challenges in China
5. Improvement in operational efficiencies through lean initiatives
6. Sustained focus on financial management

MANAGEMENT DISCUSSION AND ANALYSIS

Risks and concerns

As an export driven enterprise with 80% revenues being denominated in USD/EURO, we are exposed to currency fluctuation risks. Forex related risks are being mitigated through robust foreign currency risk management practices.

Rise in wage costs and inflationary conditions in the country may have an adverse impact on the profitability of the company. Additionally customers may expect better prices from us in the current macroeconomic scenario.

Any change in government policies which adversely impacts us may hurt our competitiveness – eg, adverse GST rules, changes in exports incentives, increase in service tax etc.

Similarly, change in government policies of competitive countries favoring the respective country's industry may affect the competitiveness of the Indian apparel industry.

Internal control systems and their adequacy

The Company is committed to maintaining an effective system of internal control to facilitate accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with all laws and regulations. The Company has an internal control function to monitor, review and update internal controls on an ongoing basis. The Company has put in place a well-defined organization structure, authority levels and internal guidelines for conducting business transactions.

The Company has appointed independent internal auditors, who monitor and review transactions independently and report directly to the Audit Committee, which consists of entirely independent directors, on quarterly basis. The Internal Auditors conduct audit on all key business areas as per pre-drawn audit plan. All significant audit observations and follow up actions are reported to the Audit Committee along Internal Audit reports and management's responses/replies. The minutes of Audit Committee are reviewed by the Board.

The Audit Committee periodically reviews audit plans, observations and recommendations of the internal auditors as well as external (statutory) auditors with reference to significant risk areas and adequacy of internal controls.

Financial Highlights

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and generally accepted accounting principles (GAAP) in India. The management accepts the responsibility for the integrity and objectivity of these financial statements and the basis for the various estimates and judgments used in preparing the financial statements.

Some of the key performance indicators are given below

Particulars (Consolidated)	Rs in Lacs	
	2010-11	2011-12
Gross Revenue	1,16,101	1,03,020
Profit Before Tax (PBT)	(8,812)	(13,162)
Ratio of PBT to Gross Revenue	-7.58%	-12.80%
Profit After Tax & Extraordinary Items	(9,007)	(13,237)
Ratio of PAT on Gross Revenue	-7.80%	-12.80%
Earnings Per Share (EPS) Rs.	(26.2)	(38.5)

Human Resources

We believe that human capital of the company is its key strength. Several initiatives have been undertaken during the year to strengthen the human capital of the company. Talent infusion in key areas of higher management and operations management is a continuous process. We are enhancing the effectiveness of HR processes aimed towards better performance management, higher employee satisfaction and career development for our employees.

As in the past, the industrial relations continue to remain cordial at all factories / units of the Company. The Company has around 32,000 employees as on March 31, 2012.

Caution Statement

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Besides, the Company cannot guarantee that these assumptions and expectations are accurate or will be realized and actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.

AUDITORS' REPORT

To,

The Members of Gokaldas Exports Limited

1. We have audited the attached Balance Sheet of Gokaldas Exports Limited ('the Company') as at March 31, 2012 and also the statement of profit and loss and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No.: F- 26526

Place: Bengaluru
Date: May 21, 2012

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No.: 56102

Place: Bengaluru
Date: May 21, 2012

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 3 of our report of even date

Re: Gokaldas Exports Limited ('the Company')

- i.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, *but the location details are in process of being updated for certain fixed assets.*
 - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed in respect of the assets verified and reconciled during the year.
 - (c) There was no substantial disposal of fixed assets during the year.
- ii.
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii.
 - (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an 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, including sale of surplus inventories for which management is taking steps to further strengthen the process. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v.
 - (a) According to the information and explanations provided by the management, we are of the Opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- ix.
 - (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been slight delays in deposit of provident fund, profession tax and employee state insurance dues in few cases.*
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of

ANNEXURE TO AUDITORS' REPORT

provident fund, investor education and protection fund, employees' state insurance, income tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of statute	Nature of dues	Demand Amount (Rs. in lakhs)	Amount paid (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Various disallowances	132.99	-	AY 1995-96	High Court of Karnataka
		14.40	14.40	AY 2008-09	Commissioner of Income Tax (Appeals)
		3.13	3.13	AY 2009-10	
Finance Act, 1994	Service tax demand	1.10	1.10	FY 2005-2006	Central Excise and Service Tax Appellate Tribunal (CESTAT)

- x. The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth *but it has incurred cash losses in the current and immediately preceding financial year.*
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of a financial institution and has not issued any debentures.
- xii. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, *we report that funds amounting to Rs. 1,607.55 lakhs raised on short term basis, have been used for long term investment, mainly towards funding of losses.*
- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money during the financial year through public issue.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No: F- 26526

Place: Bengaluru
Date: May 21, 2012

For S.R. Batiliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No: 56102

Place: Bengaluru
Date: May 21, 2012

BALANCE SHEET AS AT MARCH 31, 2012

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	1,718.80	1,718.80
Reserves and surplus	4	21,055.70	35,214.96
		22,774.50	36,933.76
Non- current liabilities			
Long-term borrowings	5	526.00	1,590.00
Long-term provisions	6	577.86	376.42
		1,103.86	1,966.42
Current liabilities			
Short term borrowings	7	24,465.86	29,188.21
Trade payables	8	6,535.76	5,805.89
Other current liabilities	8	4,351.91	3,017.20
Short term provisions	6	308.51	50.68
		35,662.04	38,061.98
		59,540.40	76,962.16
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		19,959.43	21,905.84
Intangible assets		424.99	778.85
Capital work-in-progress		477.83	504.28
		20,862.25	23,188.97
Non-current investments	10	3,218.43	3,421.82
Long-term loans and advances	11	1,864.36	2,312.50
Trade receivables	15	-	176.30
Other non-current assets	12	823.85	1,871.12
		26,768.89	30,970.71
Current assets			
Current investments	13	2,439.81	1,462.86
Inventories	14	16,810.54	28,936.76
Trade receivables	15	6,217.24	8,324.70
Cash and cash equivalents	16	3,972.72	2,703.64
Short-term loans and advances	11	1,568.57	2,099.43
Other current assets	12	1,762.63	2,464.06
		32,771.51	45,991.45
		59,540.40	76,962.16
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements

As per our report of even date

for **Girish Murthy & Kumar**
Firm Registration Number: 000934S
Chartered Accountants

per **A.V. Satish Kumar**
Partner
Membership No. F-26526
Bengaluru
Dated : May 21, 2012

for **S.R. Batliboi & Co.**
Firm Registration Number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner
Membership No. 56102
Bengaluru
Dated : May 21, 2012

For and on behalf of
Board of Directors

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 21, 2012

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME			
Revenue from operations (gross)	17	102,819.31	114,392.93
Less: excise duty		2,612.66	130.75
Revenue from operations (net)		100,206.65	114,262.18
Other income	18	421.07	1,563.46
		100,627.72	115,825.64
Expenses			
Cost of materials consumed	19	57,299.49	62,407.94
(Increase) / decrease in inventories	20	605.61	3,382.10
Employee benefits expense	21	11,241.16	10,411.25
Other expenses	22	37,572.76	41,184.09
Depreciation and amortisation expense	23	3,301.67	3,513.86
Finance costs	24	3,941.85	3,633.94
		113,962.54	124,533.18
Loss before tax and extraordinary item		(13,334.82)	(8,707.54)
Less : Extraordinary item [Refer Note 41]		-	531.16
Loss before tax		(13,334.82)	(9,238.70)
Tax expense:			
Current tax		-	-
Tax of earlier years (net)		(58.69)	26.19
Deferred tax charge / (credit)		-	(456.79)
		(58.69)	(430.60)
Loss for the year		<u>(13,276.13)</u>	<u>(8,808.10)</u>
Earnings per equity share - (Basic and Diluted)	31		
[nominal value per share : Rs. 5]			
- before extraordinary items		(38.62)	(24.08)
- after extraordinary items		(38.62)	(25.62)
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526

Bengaluru
Dated : May 21, 2012

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102

Bengaluru
Dated : May 21, 2012

For and on behalf of
Board of Directors

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 21, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

All amounts in Indian Rupees in lakhs, except stated otherwise

PARTICULARS	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax and extraordinary items	(13,334.82)	(8,707.54)
Non-cash adjustments		
Depreciation and amortisation expense	3,301.67	3,513.86
Provision for dimunition in value of non current investments	203.39	-
Provision for doubtful deposits and advances	474.05	-
Irrecoverable balances written off	1,372.16	1,407.18
Bad debts written off	316.50	178.22
Unrealised foreign exchange losses / (gains) (net)	143.30	(342.33)
(Profit)/Loss on sale of assets (net)	3.15	23.44
(Profit)/Loss on sale of investments	(65.32)	(3.14)
Interest expense	2,205.71	3,229.44
Interest earned	(93.04)	(20.29)
Dividend on investments	(213.99)	(75.60)
Operating loss before working capital changes	(5,687.24)	(796.76)
(Increase)/Decrease in inventories	12,126.22	8,142.69
(Increase)/Decrease in trade receivables	1,967.26	1,002.06
(Increase)/Decrease in other non current assets	697.73	1,198.12
(Increase)/Decrease in other current assets	302.51	(87.67)
(Increase)/Decrease in non current loans and advances	(1,314.83)	(2,055.93)
(Increase)/Decrease in current loans and advances	530.86	1,662.16
Increase/(Decrease) in trade payables	729.87	(122.92)
Increase/(Decrease) in other current liabilities	923.67	59.91
Increase/(Decrease) in long term provisions	201.44	151.67
Increase/(Decrease) in short term provisions	257.83	55.88
Cash Generated from /(used in) Operations	10,735.32	9,209.21
Direct taxes (paid) / refund received, net	306.91	(19.88)
Net Cash Flow from Operating Activities	11,042.23	9,189.33
Loss of inventory due to fire (extraordinary item)	-	(531.16)
Net Cash Flow from/(used in) Operating activities after extraordinary item	11,042.23	8,658.17
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	27.81	19.61
Purchase of fixed assets	(1,093.03)	(3,351.74)
Proceeds from sale of fixed assets	110.10	163.64
Dividends received	213.99	75.60
Deposits made during the year (with maturity more than 3 months)	(2,342.79)	(14.43)
Purchase of current investments	(7,427.00)	(2,239.26)
Proceeds from sale of current Investments	6,515.37	2,981.58
Net Cash Flow from / (used in) Investing activities	(3,995.55)	(2,365.00)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

All amounts in Indian Rupees in lakhs, except stated otherwise

PARTICULARS	For the year ended March 31, 2012	For the year ended March 31, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from packing credit	70,996.05	32,448.53
Repayment of packing credit	(75,861.70)	(33,156.03)
Repayment of term loans	(1,064.00)	(1,778.27)
Interest paid	(2,213.65)	(3,233.82)
Net Cash Flow from / (used in) financing activities	(8,143.30)	(5,719.59)
D. Net Increase / (Decrease) in Cash & Cash Equivalents (A + B + C)	(1,096.62)	573.58
E. Opening Balance of Cash & Cash Equivalents	2,491.09	1,917.51
F. Closing Balance of Cash & Cash Equivalents	1,394.47	2,491.09
Components of Cash and Cash Equivalents		
Cash on hand	22.04	26.21
Balance with banks :		
-- in current accounts	1,350.04	2,450.92
-- in EEFC accounts	21.32	12.89
-- in unpaid dividend accounts (restricted use)	1.07	1.07
	1,394.47	2,491.09

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526
Bengaluru
Dated : May 21, 2012

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102
Bengaluru
Dated : May 21, 2012

For and on behalf of
Board of Directors

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 21, 2012

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

1. Corporate Information

Gokaldas Exports Limited ('the Company') was incorporated on March 1, 2004 by converting the erstwhile partnership firm Gokaldas India under Part IX of the Companies Act, 1956. Pursuant to the order of the Hon'ble High Court of Karnataka dated November 20, 2004, Gokaldas Exports Private Limited and The Unique Creations (Bangalore) Private Limited have been amalgamated with the Company, with April 1, 2004 being the appointed date. The Company currently operates a 100% Export Oriented Unit, a Domestic Tariff Area Unit and a Special Economic Zone Unit.

The Company is a public company domiciled in India and its shares are listed on two stock exchanges in India. The Company is engaged in the business of design, manufacture, and sale of a wide range of garments for men, women, and children and caters to the needs of several leading international fashion brands and retailers. The principal source of revenue for the Company is from export of garments and related products.

2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) and complies in all material respects with the notified accounting standards under Companies (Accounting Standards) Rules (as amended), 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for the preparation and presentation of financial statements. The adoption of revised Schedule VI does not impact the recognition and measurement principles followed for the preparation of the financial statements. However, it has significant impact on the presentation and disclosure of the financial statements. The Company has reclassified previous year figures in accordance with the requirements applicable in current year.

2.1 Summary of Significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring material adjustment to the carrying amounts of assets and liabilities in future periods.

b) Revenue recognition

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

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the customer.

Export incentives are recognized on accrual basis in accordance with the applicable schemes formulated, by the Government of India and where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

Revenues from job work contract are recognized as and when services are rendered.

Dividend income on investments is accounted when the right to receive the dividend is established as at reporting date.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Insurance / other claims are recognized on acceptance basis.

c) Hedge accounting

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currencies. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of forward cover derivatives.

The Company enters into derivative contract for sale of US dollars, GBP and Euros, where the counterparty is a bank.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

The Company has adopted principles of hedge accounting as set out in Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", to the extent that the adoption does not conflict with existing accounting standards and other authoritative pronouncements of Company Law and other regulatory requirements.

Based on the recognition and measurement principles of hedge accounting set out in AS 30, the effective portion on changes in the fair values of derivative financial instruments designated as cash flow hedges are recognized directly in reserves/ equity and are reclassified to the statement of profit and loss upon the occurrence of the hedged transaction. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the statement of profit and loss. Changes in fair value relating to derivatives not designated as hedges are recognized in the statement of profit and loss.

Hedge Accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument is recognised in hedging reserve is transferred to profit and loss account when forecasted transaction occurs or when a hedged transaction is no longer expected to occur.

d) Fixed assets and depreciation/ amortization (tangible and intangible)

Fixed assets are stated at cost of acquisition/construction less accumulated depreciation and impairment losses if any, net of grants received, where applicable and subsequent improvements thereto including taxes, duties, freight, and other incidental expenses related to acquisition/construction. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is provided using the written down value method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.

	Rate of depreciation (WDV)
Buildings	10.00%
Plant & Machinery	13.91%
Electrical Equipments	13.91%
Office Equipments	13.91%
Furniture & Fixtures	18.10%
Computers	40.00%
Vehicles	25.89%
Computer Software (Intangibles)	40.00%

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of addition. Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower which ranges between 5 to 10 years.

Intangible assets comprising of Know-how (Process improvement costs) are amortized over 36 months.

e) Borrowing Costs

Borrowing costs includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs attributable to acquisition and construction of qualifying assets that necessarily takes substantial period of time to get ready for its intended use are capitalized as a part of the cost of such asset. All other borrowing costs are expensed in the period they occur.

f) Impairment of tangible and intangible assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

g) Inventories

Raw materials, packing materials, stores, spares, and consumables are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Finished goods and work in progress are valued at lower of cost and net realisable value after considering provision for obsolescence and other anticipated loss, wherever considered necessary. Finished goods and work in progress includes cost of conversion and other production overheads. Cost is determined on a weighted average basis. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

h) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

i) Government Grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is netted off with the relevant expense. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

j) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged / credited to statement of profit and loss.

k) Retirement and Other Employee Benefits

(i) Defined Contribution Plans:

Contributions to provident fund are made at pre-determined rates and charged to the statement of profit and loss for the year when contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

(ii) Defined Benefit Plans:

Gratuity liability is accrued in the books based on actuarial valuation on projected unit credit method as at reporting date. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred.

(iii) Compensated absences:

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

term employee benefit. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Compensated absences are provided for, on the basis of an actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred.

l) Taxation

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax asset is recognised only to the extent that it has timing differences the reversal of which will result in sufficient income or there is other convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

Minimum Alternative Tax ('MAT') credit is recognised, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each reporting date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

m) Accounting for leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

n) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

o) Segment Reporting Policies

(i) Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

(ii) Basis of allocation:

Assets, liabilities, income, and expenditure are allocated to each segment according to the relative contribution of each segment to the total amount. Unallocated items include general corporate items, which are not allocated to any segment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

(iii) Segment Policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

p) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the controls of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

r) Cash and Cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
3 SHARE CAPITAL		
Authorised shares		
40,000,000 (2011 : 40,000,000) equity shares of Rs. 5 each		
Issued, subscribed and fully paid-up	2,000.00	2,000.00
34,376,000 (2011 : 34,376,000) equity shares of Rs. 5 each	1,718.80	1,718.80
	<u>1,718.80</u>	<u>1,718.80</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	31 March 2012		31 March 2011	
	No.	Amount	No.	Amount
At the beginning of the year	34,376,000	1,718.80	34,376,000	1,718.80
Outstanding at the end of the year	34,376,000	1,718.80	34,376,000	1,718.80

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 5 per share. Each holder of equity is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would 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 shareholders.

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Equity shares of Rs. 5 each fully paid up	31 March 2012		31 March 2011	
	No.	Amount	No.	Amount
Holding company :				
Blackstone FP Capital Partners (Mauritius)	23,469,242	1,173.46	23,469,242	1,173.46
V-B Subsidiary Limited				

(d) Details of shareholders holding more than 5% shares in the Company

Equity shares	31 March 2012		31 March 2011	
	No.	Shareholding %	No.	Shareholding %
Blackstone FP Capital Partners (Mauritius)	23,469,242	68.27%	23,469,242	68.27%
V-B Subsidiary Limited, Holding company				
Vinamra Universal Traders Private Limited	-	-	2,279,714	6.63%
Dinesh J Hinduja	2,228,464	6.48%	2,228,464	6.48%
Madanlal J Hinduja	1,914,158	5.57%	1,914,158	5.57%
Rajendra J Hinduja	1,914,138	5.57%	1,914,138	5.57%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
4 RESERVES AND SURPLUS		
Capital reserves		
Capital reserve (on amalgamation) balance as per last account	9,751.19	9,751.19
Securities premium reserve		
Balance as per last account	13,721.31	13,721.31
General reserve		
Balance as per last account	2,192.09	2,192.09
Hedging reserve		
Balance as per last account	464.15	734.15
Changes during the year :		
Transferred to profit and loss account on occurrence of forecasted hedge transaction	(464.15)	(734.15)
Net changes in the fair value of effective portion of outstanding cash flow derivatives	(418.98)	464.15
	<u>(418.98)</u>	<u>464.15</u>
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	9,086.22	17,894.32
Profit / (loss) for the year	(13,276.13)	(8,808.10)
Net surplus / (deficit) in the statement of profit and loss	<u>(4,189.91)</u>	<u>9,086.22</u>
	21,055.70	35,214.96

5 LONG-TERM BORROWINGS

Term loans (secured) :	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Indian rupee loan from banks	526.00	1,590.00	864.00	864.00
	526.00	1,590.00	864.00	864.00

Note :

- (a) Term Loan from banks was taken under Technology Upgradation Fund (TUF) scheme and carries interest @ 14.25% (March 2011 : 11.25%). The loan is repayable in 52 monthly installments of Rs. 72 lakhs each commencing from September 2009. The loan is secured by hypothecation of plant and machinery acquired out of this TUF loan.
- (b) Current maturities are disclosed under the head current liabilities [Refer Note 8]

6 PROVISIONS

	Long term		Short term	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Provision for employee benefits				
Provision for gratuity [Refer Note 27]	372.88	215.78	151.85	32.94
Provision for leave benefits	204.98	160.64	156.66	17.74
	577.86	376.42	308.51	50.68

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
7 SHORT-TERM BORROWINGS		
Loans repayable on demand from banks (secured)		
Indian rupee packing credit loan	13,563.80	20,041.03
Foreign currency packing credit loan	10,902.06	9,147.18
	<u>24,465.86</u>	<u>29,188.21</u>
Note :		
(a) Packing credit is secured against hypothecation of inventory and trade receivables. The interest is 10.75% p.a (March 2011 : 9.50% p.a) for Indian Rupee loan and LIBOR + 350 basis points (March 2011 : LIBOR + 200 basis points) for foreign currency packing credit loan.		
8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
Trade payables		
to micro and small enterprises [Refer Note 36]	44.45	12.42
to others	6,491.31	5,793.47
	<u>6,535.76</u>	<u>5,805.89</u>
Other current liabilities		
Current maturities of long-term borrowings [Refer Note 5]	864.00	8 64.00
Advances from customers	153.23	226.38
Due to subsidiaries	2,461.46	1,554.54
Book overdraft	5.23	46.91
Interest accrued and not due on term loans	7.28	15.22
Unclaimed dividends	1.07	1.07
[Investor education and protection fund will be credited as and when due]		
Mark-to-market loss on derivative contracts	418.98	-
Statutory liabilities	440.66	309.08
	<u>4,351.91</u>	<u>3,017.20</u>
	<u>10,887.67</u>	<u>8,823.09</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

9 FIXED ASSETS

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	Tangible assets							Intangible assets					
	Land	Buildings	Leasehold improvements	Plant & machinery	Electrical equipments	Office equipments	Furniture & fixtures	Computers	Vehicles	Total tangible assets	Know-how	Computer software	Total intangible assets
Cost or valuation													
At 1 April 2010	1,330.10	7,084.38	600.95	26,864.84	774.66	390.03	1,550.98	818.57	551.15	39,965.66	694.64	406.06	1,100.70
Additions	-	313.95	159.21	1,989.22	34.24	21.21	198.53	48.03	101.99	2,866.38	-	233.29	233.29
Disposals	-	-	-	300.03	-	-	91.05	-	132.62	523.70	-	-	-
At 31 March 2011	1,330.10	7,398.33	760.16	28,554.03	808.90	411.24	1,658.46	866.60	520.52	42,308.34	694.64	639.35	1,333.99
Additions	-	62.94	381.97	585.74	9.41	18.20	12.16	28.57	150	1,100.49	-	14.16	14.16
Disposals	-	118.06	-	50.55	11.35	-	-	-	57.67	237.63	-	43.10	43.10
At 31 March 2012	1,330.10	7,343.21	1,142.13	29,089.22	806.96	429.44	1,670.62	895.17	464.35	43,171.20	694.64	610.41	1,305.05
Depreciation													
At 1 April 2010	-	1,972.50	278.67	13,071.25	304.08	172.91	732.81	665.76	367.44	17,565.42	-	214.98	214.98
Charge for the year	-	541.23	214.63	2,024.77	67.94	31.48	169.88	69.51	54.26	3,173.70	231.55	108.61	340.16
Disposals	-	-	-	204.69	-	-	24.08	-	107.85	336.62	-	-	-
At 31 March 2011	-	2,513.73	493.30	14,891.33	372.02	204.39	878.61	735.27	313.85	20,402.50	231.55	323.59	555.14
Charge for the year	-	485.21	169.07	1,944.59	63.26	27.92	142.27	54.20	47.13	2,933.65	231.55	136.47	368.02
Disposals	-	43.04	-	38.06	11.35	-	-	-	31.93	124.38	-	43.10	43.10
At 31 March 2012	-	2,955.90	662.37	16,797.86	423.93	232.31	1,020.88	789.47	329.05	23,211.77	463.10	416.96	880.06
Net Block													
At 31 March 2011	1,330.10	4,884.60	266.86	13,662.70	436.88	206.85	779.85	131.33	206.67	21,905.84	463.09	315.76	778.85
At 31 March 2012	1,330.10	4,387.31	479.76	12,291.36	383.03	197.13	649.74	105.70	135.30	19,959.43	231.54	193.45	424.99

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
10 NON-CURRENT INVESTMENTS		
Trade investments [valued at cost unless stated otherwise]		
Investment In subsidiaries (unquoted equity instruments)		
All Colour Garments Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	333.98	333.98
Deejay Trading Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	81.96	81.96
Glamourwear Apparels Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	101.46	101.46
Madhin Trading Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	65.86	65.86
Magenta Trading Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	69.08	69.08
Rafter Trading Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	36.72	36.72
Rajdin Apparels Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	170.90	170.90
Reflexion Trading Private Limited 10,000 (2011 : 10,000) equity shares of Rs. 10 each, fully paid-up	1.00	1.00
Rishikesh Apparels Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	67.83	67.83
Robot Systems Private Limited 12,000 (2011 : 12,000) equity shares of Rs. 10 each, fully paid-up	327.81	327.81
Seven Hills Clothing Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	307.90	307.90
Vignesh Apparels Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	80.89	80.89
SNS Clothing Private Limited 20,000 (2011 : 20,000) equity shares of Rs. 10 each, fully paid-up	1,776.00	1,776.00
Less : Provision for dimunition in value of Investment	(203.39)	-
	<u>1,572.61</u>	<u>1,776.00</u>
(A)	3,218.00	3,421.39
Non trade investments [valued at cost unless stated otherwise]		
Investment in government securities (unquoted)	0.43	0.43
(B)	<u>0.43</u>	<u>0.43</u>
(A) + (B)	<u><u>3,218.43</u></u>	<u><u>3,421.82</u></u>
Note :		
(a) Aggregate amount of unquoted investments	3,218.43	3,421.82
(b) Aggregate provision for dimunition in value of investment	203.39	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

11 LOANS AND ADVANCES

(unsecured, considered good unless stated otherwise)	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Capital advances	46.71	41.88	-	-
Security and other deposits [includes doubtful non current deposits of Rs. 85.44 lakhs (2011 : Rs. Nil)]	1,544.74	1,555.73	-	-
Advance to wholly owned subsidiaries	-	-	331.64	108.48
Advances recoverable in cash / kind	-	-	714.40	1,107.64
Other loans and advances				
Prepaid expenses	1.49	2.93	158.19	176.51
Loans and advances to employees	29.15	4.26	38.77	48.78
Other receivables	221.55	265.08	181.92	288.05
Advance tax	65.84	314.06	-	-
Minimum alternate tax credit entitlement	40.32	40.32	-	-
Balance with government authorities [includes doubtful non current receivable of Rs. 61.98 lakhs (2011 : Rs. Nil)]	61.98	88.24	143.65	369.97
	2,011.78	2,312.50	1,568.57	2,099.43
Less : Provision for doubtful advances	147.42	-	-	-
	1,864.36	2,312.50	1,568.57	2,099.43

Note :	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
(a) Security deposits include following rental deposits with related parties :				
VAG Exports Private Limited	-	319.00	-	-
Hinduja Trading Company	-	305.20	-	-
Universal Garments	-	0.20	-	-
	-	624.40	-	-
(b) Advances to wholly owned subsidiaries are in the nature of advances for supplies / services.				
Rishikesh Apparels Private Limited	-	-	125.09	-
Reflexion Trading Private Limited	-	-	96.73	24.75
Madhin Trading Private Limited	-	-	60.96	4.72
Rajdin Apparels Private Limited	-	-	48.86	-
Magenta Trading Private Limited	-	-	-	44.67
Vignesh Apparels Private Limited	-	-	-	33.07
Robot Systems Private Limited	-	-	-	1.27
	-	-	331.64	108.48

12 OTHER ASSETS

(unsecured, considered good unless stated otherwise)	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Non-current bank balances [Refer Note 16]	57.48	80.39	-	-
Interest accrued on bank deposits	-	-	77.44	12.21
Mark-to-market gain on derivative contracts	-	-	-	464.15
Export incentives receivable [includes doubtful non current balance of Rs. 326.63 lakhs (2011 : Rs. Nil)]	1,093.00	1,790.73	1,685.19	1,987.70
	1,150.48	1,871.12	1,762.63	2,464.06
Less : Provision for doubtful other assets	326.63	-	-	-
	823.85	1,871.12	1,762.63	2,464.06

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
13 CURRENT INVESTMENTS		
Unquoted mutual funds (valued at lower of cost and fair value)		
Templeton India Short Term Income Retail Plan Nil (2011 : 34,287) units of Rs. 1,000 each fully paid-up	-	454.27
Fidelity Short Term Income Fund Nil (2011 : 10,085,636) units of Rs. 10 each fully paid-up	-	1,008.59
BNP Paribas Short Term Income Fund - daily dividend plan 6,113,679 (2011 : Nil) units of Rs. 10.03 each fully paid-up	613.37	-
IDFC Money Manager Fund - growth plan 2,566,386 (2011 : Nil) units of Rs. 16.11 each fully paid-up	413.44	-
JP Morgan India Short Term Income Fund - growth plan 8,839,701 (2011 : Nil) units of Rs. 11.31 each fully paid-up	1,000.00	-
AIG Short Term Fund Retail Growth Plan 31,187 (2011 : Nil) units of Rs. 1,324.27 each fully paid-up	413.00	-
	2,439.81	1,462.86
Note :		
(a) Aggregate amount of unquoted investments	2,439.81	1,462.86
14 INVENTORIES		
(Valued at lower of cost and net realisable value)		
Raw materials (including packing materials) [includes material in transit Rs. 226.01 lakhs (2011 : 361.55 lakhs)]	6,919.69	18,285.20
Work-in-progress	5,884.37	6,249.92
Finished goods	3,889.87	4,129.93
Consumables, stores and spares parts	116.61	271.71
	16,810.54	28,936.76

15 TRADE RECEIVABLES

(unsecured, considered good)	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
- Outstanding for a period exceeding six months from the date they are due for payment	-	176.30	155.27	248.47
- Other receivables	-	-	6,061.97	8,076.23
	-	176.30	6,217.24	8,324.70

16 CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Cash and cash equivalents				
Balance with banks :				
-- in current accounts	-	-	1,350.04	2,450.92
-- in EEFC accounts	-	-	21.32	12.89
-- in unpaid dividend accounts	-	-	1.07	1.07
Cash on hand	-	-	22.04	26.21
	-	-	1,394.47	2,491.09
Other bank balances				
Deposits with original maturity for more than 12 months [Refer Note 12]	57.48	80.39	-	-
Deposits with original maturity for more than 3 months and less than 12 months	-	-	2,578.25	212.55
	57.48	80.39	2,578.25	212.55
	57.48	80.39	3,972.72	2,703.64

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
17 REVENUE FROM OPERATIONS		
(A) Sale of Finished goods [Refer Note below]		
-- Exports	73,947.48	87,959.01
-- Domestic	19,003.36	15,544.87
	<u>92,950.84</u>	<u>103,503.88</u>
(B) Other operating revenue		
Sale of accessories, fabrics, etc	3,833.32	3,498.18
Job work income	1,705.74	1,082.14
Export incentives	3,265.82	5,630.28
Scrap sales and others (including claims)	1,063.59	678.45
	<u>9,868.47</u>	<u>10,889.05</u>
Revenue from operations (gross)	<u>102,819.31</u>	<u>114,392.93</u>
Note :		
(a) Details of finished goods sold		
Manufactured (Ready made garments)	<u>92,950.84</u>	<u>1 03,503.88</u>
18 OTHER INCOME		
Interest income on bank deposit (gross)	93.04	20.29
[Tax deducted at source Rs. 9.31 lakhs (2011 : Rs. 2.03 lakhs)]		
Dividend income on current investments	213.99	75.60
Gain (net) on sale of current investments	65.32	3.14
Exchange differences (net)	-	1,451.31
Other non-operating income	48.72	13.12
	<u>421.07</u>	<u>1,563.46</u>
19 COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	18,285.20	23,034.58
Add: purchases	45,933.98	57,658.56
	<u>64,219.18</u>	<u>80,693.14</u>
Less: inventory at the end of the year	6,919.69	18,285.20
Cost of raw materials consumed	<u>57,299.49</u>	<u>62,407.94</u>
Note :		
(a) Details of inventory held		
Fabrics	5,526.41	10,992.26
Accessories and others	1,393.28	7,292.94
	<u>6,919.69</u>	<u>18,285.20</u>
(b) Details of raw materials consumed		
Fabrics	39,249.60	40,926.58
Accessories	17,112.66	16,208.09
Others	937.23	5,273.27
	<u>57,299.49</u>	<u>62,407.94</u>
(c) Imported and indigenous raw materials consumed		
Imported	19,753.70	16,099.32
Indigenous	37,545.79	46,308.62
	<u>57,299.49</u>	<u>62,407.94</u>
% of total consumption		
Imported	34%	26%
Indigenous	66%	74%
	<u>100%</u>	<u>100%</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
20 (INCREASE) / DECREASE IN INVENTORIES		
Inventories at the beginning of the year		
Work-in-progress	6,249.92	5,189.58
Finished goods	4,129.93	8,572.37
	<u>10,379.85</u>	<u>13,761.95</u>
Inventories at the end of the year		
Work-in-progress	5,884.37	6,249.92
Finished goods	3,889.87	4,129.93
	<u>9,774.24</u>	<u>10,379.85</u>
	<u>605.61</u>	<u>3,382.10</u>
Note :		
(a) Details of work-in-progress		
Ready made garments (Manufactured)	<u>5,884.37</u>	<u>6,249.92</u>
(b) Details of finished goods		
Ready made garments (Manufactured)	<u>3,889.87</u>	<u>4,129.93</u>
21 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	9,958.90	9,270.85
Contribution to provident fund and other fund	644.63	687.49
Gratuity expense [Refer Note 27]	360.57	210.44
Staff welfare expenses	277.06	242.47
	<u>11,241.16</u>	<u>10,411.25</u>
22 OTHER EXPENSES		
Consumption of consumables, stores and spares [Refer Note (b) below]	1,083.01	1,584.85
Power and fuel	1,214.83	1,322.86
Job work charges	24,213.81	29,125.02
Other manufacturing expenses	636.24	1,110.63
Rent	843.52	899.17
Rates and taxes	117.31	88.42
Insurance	239.30	250.15
Repairs and maintenance		
- Plant and machinery	560.18	606.93
- Buildings	46.03	50.53
- Others	384.64	570.73
Legal and professional charges	317.79	649.87
Printing and stationery	168.36	176.02
Communication costs	243.78	269.46
Travelling and conveyance	289.97	249.88
Auditors' remuneration [Refer Note (a) below]	34.85	34.78
Director's remuneration	107.80	140.80
Clearing, forwarding and freight (net of recoveries)	850.48	1,092.58
Provision for doubtful deposits and advances	474.05	-
Irrecoverable balances written off	1,372.16	1,407.18
[includes duty draw back written off Rs. 876.54 lakhs (2011 : Rs. 1,250 lakhs)]		
Bad debts written off	316.50	178.22
Loss on sale of fixed assets (net)	3.15	23.44
Exchange differences (net)	2,048.43	-
Provision for diminution in value of non current investments	203.39	-
Miscellaneous expenses	1,803.18	1,352.57
	<u>37,572.76</u>	<u>41,184.09</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
Note :		
(a) Payment to auditor		
As auditor		
Audit fees	20.75	20.75
Limited review fees	11.25	11.25
In other capacity		
Taxation matters	1.50	1.50
Out of pocket expenses	1.35	1.28
	<u>34.85</u>	<u>34.78</u>
(b) Consumables, stores and spares consumed		
Imported	20.66	11.97
Indigenous	1,062.35	1,572.88
	<u>1,083.01</u>	<u>1,584.85</u>
% of total consumption		
Imported	1.91%	0.76%
Indigenous	98.09%	99.24%
	<u>100.00%</u>	<u>100.00%</u>
23 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	2,933.65	3,173.70
Amortisation on intangible assets	368.02	340.16
	<u>3,301.67</u>	<u>3,513.86</u>
24 FINANCE COSTS		
Interest		
- on term loans [Refer Note below]	170.71	236.18
- on packing credit	1,692.71	2,425.15
- on bill discounting	342.29	568.11
Exchange difference to the extent considered as an adjustment to borrowing cost	1,347.70	-
Bank charges	388.44	404.50
	<u>3,941.85</u>	<u>3,633.94</u>

Note :

(a) Interest is net of interest subvention subsidy Rs. 97.68 lakhs (2011 : Rs. 182.84 lakhs) under Technology Upgradation Scheme.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

25. Contingent liabilities (to the extent not provided for)

	2012	2011
Claims against the Company not acknowledged as debts	240.23	239.02
Guarantees given by banks	15.10	305.60
Outstanding letters of credit	1,098.00	1,049.44
Bills discounted with banks	8,647.81	14,153.84

26. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	58.28	320.71
(b) The Company has imported capital goods without payment of duty under Export promotion capital goods ('EPCG') scheme upto March 31, 2012. Under the EPCG scheme, the Company has export obligations to be fulfilled before November 05, 2017.	1,483.59	1,483.59
(c) For commitments relating to leasing arrangements, refer Note 30		
(d) For commitments relating to forward contracts, refer Note 37		

27. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on retirement or termination 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 summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet:

(All amounts in Indian Rupees in lakhs, except stated otherwise)

Net employee benefit expense (in statement of profit and loss) :	2012	2011
Current service cost	305.46	201.31
Interest cost on benefit obligation	27.24	20.67
Expected Return on Plan Assets	(9.12)	(14.97)
Actuarial loss/(gain)	36.99	3.43
Net benefit expense	360.57	210.44
Actual return on plan asset	8.45	16.52

Details of Provision for gratuity (in Balance Sheet)

	2012	2011
Defined benefit obligation	604.18	405.83
Fair value of plan asset	(79.45)	(157.11)
Plan liability / (asset)	524.73	248.72

Changes in the present value of defined benefit obligation

	2012	2011
Opening defined benefit obligation	405.83	337.80
Current Service Cost	305.46	201.31
Interest Cost	27.24	20.67
Benefits Paid	(170.67)	(158.93)
Actuarial (gain)/loss	36.32	4.98
Closing defined benefit obligation	604.18	405.83

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

Changes in the fair value of plan asset are as follows:

	2012	2011
Opening fair value of plan asset	157.11	233.62
Expected return	9.12	14.97
Actuarial gain/(loss)	(0.67)	1.55
Contributions by employer	84.56	65.90
Benefits Paid	(170.67)	(158.93)
Closing fair value of plan asset	79.45	157.11

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

	2012	2011
Interest Rate	8.5 %	8 %
Discount Factor	8.5 %	8 %
Estimated Rate of return on Plan Assets	8 %	8 %
Attrition Rate	35 %	35 %
Rate of escalation in Salary per annum	5 %	5 %
Retirement Age	58 years	58 years

The major categories of plan asset as a percentage of the fair value of total plan asset are as follows:

	2012	2011
Investments with insurer	100%	100%

Notes:

1. The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply & demand in the employment market.
2. The estimated rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled,
3. The Company expects to contribute Rs.85 lakhs (Rs. 248.72 lakhs in 2011-12) to gratuity in 2012-13.

Amounts for the current year and previous four year period are as follows:

	2012	2011	2010	2009	2008
Defined benefit obligation	604.18	405.83	337.80	248.95	172.85
Plan assets	(79.45)	(157.11)	(233.62)	(123.91)	(2.16)
(Surplus) / deficit	524.73	248.72	104.18	125.04	170.69

28. Segment information

a) Primary business segment

The Company is engaged in a single business segment of sale of garment, and hence, no additional disclosures are required, other than those already given in the financial statements.

b) Secondary business segment (by geographical area based on location of customers):

Geographical Segment	Revenues	Carrying amount of segment assets
In India	26,680.24 (27,866.63)	56,971.34 (70,521.34)
Outside India	73,947.48 (87,959.01)	2,569.06 (6,440.82)
Total	100,627.72 (115,825.64)	59,540.40 (76,962.16)

Notes: 1. Figures in brackets relate to previous year.

29. Related party disclosures

A. Names of related parties and description of relationship:

	Description of Relationship	Names of related parties
a.	<i>Parties where control exists:</i>	
	Immediate Holding Company	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited
	Ultimate holding Company	Blackstone FP Capital Partners (Mauritius) V-B Limited
	Wholly owned subsidiaries	All Colour Garments Private Limited Deejay Trading Private Limited Glamourwear Apparels Private Limited Madhin Trading Private Limited Magenta Trading Private Limited Rafter Trading Private Limited Rajdin Apparels Private Limited Reflexion Trading Private Limited Rishikesh Apparels Private Limited Robot Systems Private Limited Seven Hills Clothing Private Limited SNS Clothing Private Limited Vignesh Apparels Private Limited
b.	<i>Key management personnel:</i>	
	Chairman	Mr. Richard B Saldanha
	Director and Chief Executive Officer	Mr. Gautam Chakravarti
	Chairman	Mr. Madanlal J Hinduja (upto January 15, 2011)
	Managing Director	Mr. Rajendra J Hinduja (upto March 31, 2011)
	Executive Director	Mr. Dinesh J Hinduja (upto March 31, 2011)
	Chief Operating Officer – Production	Mr. Ashwin R Hinduja (upto July 15, 2011)
	Chief Operating Officer – Marketing	Mr. Vivek M Hinduja (upto September 30, 2010)
	Chief Operating Officer – Marketing	Mr. Gaurav D Hinduja (upto May 31, 2010)
c.	<i>Enterprises over which key management personnel and their relatives exercise significant influence with whom transactions have taken place during the year:</i>	
	Partnership Firm (upto March 31, 2011)	Hinduja Trading Company DMR Enterprises Universal Garments
	Private Limited Companies (upto March 31, 2011)	VAG Exports Private Limited

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

- B. The following are the volume of transactions with related parties during the year and outstanding balances as at the year-end disclosed in aggregate by type of related party:

Nature of Transactions	Subsidiary Companies	Key Management Personnel	Others	Total
Sales/Other Income				
Sale of fabrics, accessories / ready made garments	220.08 (224.01)	Nil (Nil)	Nil (4,864.52)	220.08 (5,088.53)
Expenses				
Job work charges	23,950.03 (28,511.20)	Nil (Nil)	Nil (Nil)	23,950.03 (28,511.20)
Material purchases	408.43 (261.29)	Nil (Nil)	Nil (Nil)	408.43 (261.29)
Rent expenses	Nil (Nil)	Nil (Nil)	Nil (28.48)	Nil (28.48)
Remuneration	Nil (Nil)	117.50 (254.00)	Nil (Nil)	117.50 (254.00)
Reimbursement of Expenses	103.67 (50.48)	Nil (Nil)	Nil (Nil)	103.67 (50.48)
Provision for diminution in value of investment	203.39 (Nil)	Nil (Nil)	Nil (Nil)	203.39 (Nil)
Balances outstanding as at March 31, 2012				
Current liabilities	2,461.46 (1,554.54)	7.43 (9.40)	Nil (0.20)	2,468.89 (1,564.14)
Loans and advances	331.64 (108.48)	Nil (Nil)	Nil (Nil)	331.64 (108.48)
Security deposits	Nil (Nil)	Nil (Nil)	Nil (624.40)	Nil (624.40)

Note : (i) Figures in brackets relate to previous year.

(ii) Loans and advances are in the nature of advances for supplies / services.

Disclosure for transactions that exceed 10% of total value of each class of transactions:

Sale of fabrics, accessories/ready made garments	2012	2011
Subsidiary companies		
SNS Clothing Private Limited	220.08	224.01
	220.08	224.01
Other Enterprises		
DMR Enterprises	-	4,864.52
	-	4,864.52

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	2012	2011
Job work Charges		
Subsidiary Companies		
Seven Hills Clothing Private Limited	5,408.74	5,542.77
Glamourwear Apparels Private Limited	4,143.62	3,970.23
Rishikesh Apparels Private Limited	2,781.71	3,851.80
Rafter Trading Private Limited	2,544.44	2,737.68
Magenta Trading Private Limited	2,991.14	3,619.41
Others	6,080.38	8,789.31
	23,950.03	28,511.20
Material Purchases		
Subsidiary Companies		
Reflexion Trading Private Limited	408.43	187.40
SNS Clothing Private Limited	-	73.89
	408.43	261.29
Rent Expenses		
Other Enterprises		
VAG Exports Private Limited	-	24.11
Others	-	4.37
	-	28.48
Remuneration to Key Management Personnel		
Gautam Chakravarti	100.00	-
Madanlal J Hinduja	-	38.00
Rajendra J Hinduja	-	48.00
Dinesh J Hinduja	-	48.00
Vivek M Hinduja	-	40.00
Ashwin R Hinduja	17.50	60.00
Gaurav D Hinduja	-	20.00
	117.50	254.00
Reimbursement of expenses		
Subsidiary Companies		
SNS Clothing Private Limited	31.44	50.48
Vignesh Apparels Private Limited	55.73	-
All Colour Garments Private Limited	16.50	-
	103.67	50.48
Provision for dimunition in value of investments		
Subsidiary Companies		
SNS Clothing Private Limited	203.39	-
	203.39	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	2012	2011
Current Liabilities		
Subsidiary Companies		
SNS Clothing Private Limited	1,397.33	680.94
All Colour Garments Private Limited	273.11	384.00
Deejay Trading Private Limited	139.59	167.04
Glamourwear Apparels Private Limited	276.16	40.81
Others	375.27	281.75
	2,461.46	1,554.54
Key Management Personnel		
Gautam Chakravarti	7.43	-
Rajendra J Hinduja	-	2.89
Dinesh J Hinduja	-	2.89
Ashwin R Hinduja	-	3.62
	7.43	9.40
Other Enterprises		
VAG Exports Private Limited	-	0.20
	-	0.20
Loans and Advances		
Subsidiary Companies		
Rishikesh Apparels Private Limited	125.09	-
Reflexion Trading Private Limited	96.73	24.75
Madhin Trading Private Limited	60.96	4.72
Rajdin Apparels Private Limited	48.86	-
Magenta Apparels Private Limited	-	44.67
Vignesh Apparels Private Limited	-	33.07
Others	-	1.27
	331.64	108.48
Security (Rental) deposits		
Other Enterprises		
VAG Exports Private Limited	-	319.00
Hinduja Trading Company	-	305.20
Universal Garments	-	0.20
	-	624.40

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

30. Leasing Arrangements:

The Company's leasing arrangements in respect of its office, factory and residential premises are in the nature of operating leases. These leasing arrangements, which are usually cancellable at the option of the lessee, are for a total period ranging from eleven months to six years and are renewable with mutual consent. All leases include a clause to enable upward revision of the rental charge on a periodic basis as specified under the rental agreement. The charge on account of lease rentals for the year is Rs. 843.52 lakhs (2011: Rs.899.17 lakhs).

Future obligations of lease rentals for non cancellable period under respective lease agreements aggregate to Rs. 194.01 lakhs (2011 : Rs. 341.75 lakhs)

	2012	2011
Not later than one year	194.01	265.11
Later than one year and not later than five years	-	76.64
Later than five years	-	-
	194.01	341.75

31. Earnings per share

	2012	2011
(A) Net profit / (loss) for the year as per profit and loss account		
- after tax before extraordinary items	(13,276.13)	(8,276.94)
- after tax and extraordinary items	(13,276.13)	(8,808.10)
(B) Weighted average number of equity shares (Nos.)	34,376,000	34,376,000
(C) Nominal value per share (Rs.)	5.00	5.00
(D) Earnings per share (Rs.) – Basic and diluted		
- before extraordinary items	(38.62)	(24.08)
- after extraordinary items	(38.62)	(25.62)

32. CIF value of imports

	2012	2011
Capital goods	523.93	1,014.81
Raw materials and accessories	15,675.20	16,556.43
Stores and spares	20.66	11.97
	16,219.79	17,583.21

33. Expenditure in foreign currency

	2012	2011
Travel expenses	103.55	36.18
Brokerage and commission	81.21	98.50
Export claims	482.31	185.09
Others	52.64	60.86
	719.71	380.63

34. Earnings in foreign currency

	2012	2011
FOB value of exports	73,947.48	87,959.01
Freight and insurance recoveries	872.45	1,921.03
	74,819.93	89,880.04

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

35. Information in respect of amounts remitted during the year in foreign currencies in respect of dividends:

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	2012	2011
Number of non-resident shareholders on record date	127	130
Number of shares held by such shareholders	23,511,359	23,491,014
Amount remitted during the year as dividend (Rs.)	-	-
Financial year to which the dividend relates	-	-

36. Disclosure of dues / payments to micro and small enterprises to the extent such enterprises are identified by the company:

	2012	2011
(i) The principal amount due thereon remaining unpaid on March 31, 2012	43.85	12.42
Interest amount due and remaining unpaid on March 31, 2012	0.60	-
(ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid on March 31, 2012 in respect of principal amount settled during the year	0.60	-
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	0.60	-

37. Derivative contracts / instruments

Particulars of Derivative contracts: Forward contract outstanding as at balance sheet date

Sell contracts	2012		2011		Purpose
	foreign currency (in lakhs)	Rs. (in lakhs)	foreign currency (in lakhs)	Rs. (in lakhs)	
USD	407.33	20,783.36	278.00	13,049.30	Hedge of expected future sales
EURO	9.26	634.48	41.50	2,619.09	Hedge of expected future sales
GBP	3.25	266.32	1.20	90.06	Hedge of expected future sales

38. Exchange difference loss / (gain)

	2012	2011
Pre-shipment packing credit	1,718.44	(342.33)
Post-shipment credit	206.71	195.20
Forward contracts and options	773.28	(1,184.83)
Foreign currency receivables	(686.15)	(105.44)
Foreign currency payables	36.15	(13.91)
	2,048.43	(1,451.31)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

39. Deferred taxes

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	2012	2011
Difference between carrying amount of Fixed Assets in Financial Statements and Income Tax returns	(765.73)	(1,244.72)
Unabsorbed depreciation & business losses	765.73	1,244.72
	-	-

40. As of the Balance Sheet date, the Company's unhedged foreign currency exposure is as under:

	Receivables / (Payables)			
	2012		2011	
	Amount in foreign currency	Amount in Rs. lakhs	Amount in foreign currency	Amount in Rs. lakhs
Bank balances – USD	41,558	21.32	28,841	12.89
Trade receivables – USD*	4,250,212	2,180.36	11,981,741	5,355.84
Trade receivables – EUR*	13,454	9.21	1,622,557	1,024.82
Trade receivables – GBP*	463,093	379.49	83,672	60.16
Loans and advances – USD	864,059	443.35	1,688,715	754.63
Loans and advances – EUR	7,845	5.38	22,663	14.31
Loans and advances – GBP	22,211	18.21	362	0.26
Pre-shipment credit – USD	(21,247,441)	(10,902.06)	(20,206,243)	(9,147.18)
Trade payables – USD	(2,983,892)	(1,531.03)	(2,560,533)	(1,159.13)
Trade payables – EUR	(907)	(0.62)	(56,007)	(35.24)
Trade payables – GBP	(-)	(-)	(96,750)	(69.59)
Advances received from customers – USD	(46,257)	(23.73)	(140,259)	(63.59)
Advances received from customers – EUR	(137,820)	(94.39)	(81,545)	(51.31)

* net of export bills discounted

41. In previous year, there was a fire in the raw material warehouse of the Company in Bangalore and materials valued at Rs. 3,766.49 lakhs were fully destroyed. The Insurance claim was settled at Rs. 3,235.33 lakhs and the difference Rs. 531.16 lakhs was shown as extraordinary item.

42. Previous year comparatives

Previous year figures have been regrouped/re-arranged/reclassified, wherever necessary to conform to the current year's presentation.

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants
per A.V. Satish Kumar
Partner
Membership No. F-26526
Bengaluru
Dated : May 21, 2012

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants
per Navin Agrawal
Partner
Membership No. 56102
Bengaluru
Dated : May 21, 2012

For and on behalf of
Board of Directors

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 21, 2012

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No. 3 3 4 7 5
 Balance Sheet Date 3 1 0 3 2 0 1 2
Date Month Year

State code: 0 8

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Bonus Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Right Issue	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	Private Placement	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Funds	Total Liabilities	Total Assets
	<input type="text"/> 5 <input type="text"/> 9 <input type="text"/> 5 <input type="text"/> 4 <input type="text"/> 0 <input type="text"/> 4 <input type="text"/> 0	<input type="text"/> 5 <input type="text"/> 9 <input type="text"/> 5 <input type="text"/> 4 <input type="text"/> 0 <input type="text"/> 4 <input type="text"/> 0
	Paid-up Capital	Reserves & Surplus
	<input type="text"/> <input type="text"/> 1 <input type="text"/> 7 <input type="text"/> 1 <input type="text"/> 8 <input type="text"/> 8 <input type="text"/> 0	<input type="text"/> 2 <input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 5 <input type="text"/> 7 <input type="text"/> 0
	Secured Loans	Unsecured Loans
	<input type="text"/> 2 <input type="text"/> 5 <input type="text"/> 8 <input type="text"/> 6 <input type="text"/> 3 <input type="text"/> 1 <input type="text"/> 4	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
Application of Funds	Deferred tax liability (Net)	
	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L	
	Net Fixed Assets including capital work in progress	Investments
	<input type="text"/> 2 <input type="text"/> 0 <input type="text"/> 8 <input type="text"/> 6 <input type="text"/> 2 <input type="text"/> 2 <input type="text"/> 5	<input type="text"/> <input type="text"/> 5 <input type="text"/> 6 <input type="text"/> 5 <input type="text"/> 8 <input type="text"/> 2 <input type="text"/> 4
	Net Current Assets	Miscellaneous Expenditure
	<input type="text"/> (<input type="text"/> 2 <input type="text"/> 8 <input type="text"/> 9 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 3)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L
	Accumulated Losses	
	<input type="text"/> <input type="text"/> 4 <input type="text"/> 1 <input type="text"/> 8 <input type="text"/> 9 <input type="text"/> 9 <input type="text"/> 1	

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Total income)	Total Expenditure
<input type="text"/> 1 <input type="text"/> 0 <input type="text"/> 0 <input type="text"/> 6 <input type="text"/> 2 <input type="text"/> 7 <input type="text"/> 7 <input type="text"/> 2	<input type="text"/> 1 <input type="text"/> 1 <input type="text"/> 3 <input type="text"/> 9 <input type="text"/> 6 <input type="text"/> 2 <input type="text"/> 5 <input type="text"/> 4
+ - Profit/Loss before tax	+ - Profit/Loss after tax
<input type="text"/> <input checked="" type="checkbox"/> - <input type="text"/> 1 <input type="text"/> 3 <input type="text"/> 3 <input type="text"/> 3 <input type="text"/> 4 <input type="text"/> 8 <input type="text"/> 2	<input checked="" type="checkbox"/> <input type="text"/> - <input type="text"/> 1 <input type="text"/> 3 <input type="text"/> 2 <input type="text"/> 7 <input type="text"/> 6 <input type="text"/> 1 <input type="text"/> 3

(Please tick appropriate box + for Profit - for Loss)

Earnings per share in Rs. (on profit after taxes)	Dividend rate %
<input type="text"/> <input type="text"/> <input type="text"/> (3 8 . 6 2)	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N I L

V. Generic Names of Principal Products of the Company (as per monetary terms)

Item Code No. (ITC Code)	Product Description
<input type="text"/> x <input type="text"/> x <input type="text"/> 6 <input type="text"/> 2 <input type="text"/> 0 <input type="text"/> 1 <input type="text"/> 1 <input type="text"/> 2	<input type="text"/> J <input type="text"/> A <input type="text"/> C <input type="text"/> K <input type="text"/> E <input type="text"/> T <input type="text"/> S
<input type="text"/> x <input type="text"/> x <input type="text"/> 6 <input type="text"/> 2 <input type="text"/> 0 <input type="text"/> 5 <input type="text"/> 2 <input type="text"/> 0	<input type="text"/> <input type="text"/> <input type="text"/> S <input type="text"/> H <input type="text"/> I <input type="text"/> R <input type="text"/> T <input type="text"/> S
<input type="text"/> x <input type="text"/> x <input type="text"/> 6 <input type="text"/> 2 <input type="text"/> 0 <input type="text"/> 6 <input type="text"/> 3 <input type="text"/> 0	<input type="text"/> <input type="text"/> B <input type="text"/> L <input type="text"/> O <input type="text"/> U <input type="text"/> S <input type="text"/> E <input type="text"/> S

For and on behalf of the Board

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & CEO

Sumit Keshan
CFO

Bangalore : May 21, 2012

N Sri Sai Kumar
Company Secretary

AUDITORS' REPORT

To,

The Board of Directors of Gokaldas Exports Limited

1. We, Girish Murthy and Kumar and S.R. Batliboi & Co., have audited the attached consolidated Balance Sheet of Gokaldas Exports Limited ('the Company') and its subsidiaries (collectively called 'Gokaldas Group') as at March 31, 2012 and also the consolidated statement of profit and loss for the year ended March 31, 2012 and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not jointly audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 326,270,672 as at March 31, 2012; total revenues of Rs. 621,116,927; total expenditure of Rs. 612,279,821 and cash inflows, net amounting to Rs. 2,347,417 for the year then ended. These financial statements and other financial information have been audited solely by Girish Murthy & Kumar on which, S.R. Batliboi & Co. has placed reliance for the purpose of this report.
4. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 457,357,953 as at 31st March 2012; total revenues of Rs. 2,085,598,133; total expenditure of Rs. 2,097,569,025 and cash inflows, net amounting to Rs.12,927,823 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements notified by Companies (Accounting Standard) Rules, 2006,(as amended).
6. Based on our audit and on consideration of reports of other auditors on separate financial statement and on other financial information of the subsidiaries, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) in the case of consolidated balance sheet, of the state of affairs of the Gokaldas Group as at March 31, 2012;
 - b) in the case of consolidated statement of profit and loss, of the loss for the year ended on that date; and
 - c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526

Bengaluru
Dated : May 21, 2012

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102

Bengaluru
Dated : May 21, 2012

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2012

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	As at March 31, 2012	As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	3	1,718.80	1,718.80
Reserves and surplus	4	20,994.71	35,115.68
		22,713.51	36,834.48
Non- current liabilities			
Long-term borrowings	5	526.00	1,590.00
Long-term provisions	6	1,334.02	1,011.88
Deferred tax liability	33	5.09	14.73
		1,865.11	2,616.61
Current liabilities			
Short term borrowings	7	24,465.86	29,188.21
Trade payables	8	6,688.62	5,905.11
Other current liabilities	8	5,542.90	5,020.48
Short term provisions	6	381.92	128.57
		37,079.30	40,242.37
		61,657.92	79,693.46
ASSETS			
Non-current assets			
Fixed assets	9		
Tangible assets		21,610.71	24,103.90
Intangible assets		739.78	1,093.64
Capital work-in-progress		477.83	531.28
		22,828.32	25,728.82
Non-current investments	10	0.63	0.63
Long-term loans and advances	11	3,294.14	3,784.92
Other non-current assets	12	823.84	1,871.11
		26,946.93	31,385.48
Current assets			
Current investments	13	2,439.89	1,463.28
Inventories	14	17,081.83	29,121.37
Trade receivables	15	6,374.27	8,539.99
Cash and cash equivalents	16	4,378.41	2,956.59
Short-term loans and advances	11	2,673.63	3,762.69
Other current assets	12	1,762.96	2,464.06
		34,710.99	48,307.98
		61,657.92	79,693.46
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the Consolidated financial statements

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526

Bengaluru
Dated : May 21, 2012

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102

Bengaluru
Dated : May 21, 2012

For and on behalf of the
Board of Directors

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 21, 2012

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	For the year ended March 31, 2012	For the year ended March 31, 2011
INCOME			
Revenue from operations (gross)	17	105,120.17	114,642.54
Less: excise duty		2,694.59	130.75
Revenue from operations (net)		102,425.58	114,511.79
Other income		18,594.95	1,589.29
		103,020.53	116,101.08
Expenses			
Cost of materials consumed	19	57,149.70	62,330.97
(Increase) / decrease in inventories	20	512.07	3,373.84
Employee benefits expense	21	33,245.24	34,418.90
Other expenses	22	17,631.10	17,261.25
Depreciation and amortisation expense	23	3,696.08	3,888.90
Finance costs	24	3,949.14	3,639.08
		116,183.33	124,912.94
Loss before tax and extraordinary item		(13,162.80)	(8,811.86)
Less : Extraordinary items [Refer Note 36]		-	531.16
Loss before tax		(13,162.80)	(9,343.02)
Tax expense:			
Current tax		119.03	0.64
Minimum alternate tax credit entitlement		-	(0.07)
Tax of earlier years (net)		(34.35)	91.84
Deferred tax charge / (credit)		(9.64)	(428.15)
		75.04	(335.74)
Loss for the year		<u>(13,237.84)</u>	<u>(9,007.28)</u>
Earnings per equity share - (Basic and Diluted)	31		
[nominal value per share : Rs. 5]			
- before extraordinary items		(38.51)	(24.66)
- after extraordinary items		(38.51)	(26.20)
Summary of significant accounting policies	2.1		
The accompanying notes are integral part of the consolidated financial statements			

The accompanying notes are integral part of the Consolidated financial statements

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 0009345
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526

Bengaluru
Dated : May 21, 2012

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102

Bengaluru
Dated : May 21, 2012

For and on behalf of the
Board of Directors

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 21, 2012

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

All amounts in Indian Rupees in lakhs, except stated otherwise

PARTICULARS	For the year ended March 31, 2012	For the year ended March 31, 2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax and extraordinary items	(13,162.80)	(8,811.86)
Non-cash adjustments		
Depreciation and amortisation expense	3,696.08	3,888.90
Provision for doubtful deposits and advances	474.05	-
Irrecoverable balances written off	1,381.73	1,469.76
Bad debts written off	373.30	178.22
Unrealised foreign exchange losses / (gains) (net)	143.30	(342.33)
(Profit)/Loss on sale of assets (net)	141.50	20.56
(Profit)/Loss on sale of investments	(65.32)	(3.14)
Interest expense	2,205.71	3,229.44
Interest earned	(93.04)	(20.29)
Dividend on investments	(213.99)	(75.60)
Operating loss before working capital changes	(5,119.48)	(466.34)
(Increase)/Decrease in inventories	12,039.54	8,135.01
(Increase)/Decrease in trade receivables	1,792.42	1,084.69
(Increase)/Decrease in other non current assets	697.73	1,198.12
(Increase)/Decrease in other current assets	302.84	196.74
(Increase)/Decrease in non current loans and advances	(1,281.76)	(1,571.28)
(Increase)/Decrease in current loans and advances	930.55	(212.15)
Increase/(Decrease) in trade payables	986.91	(205.23)
Increase/(Decrease) in other current liabilities	(92.01)	584.96
Increase/(Decrease) in long term provisions	322.14	543.92
Increase/(Decrease) in short term provisions	253.35	26.74
Cash Generated from /(used in) Operations	10,832.23	9,315.18
Direct taxes (paid) / refund received, net	322.05	(260.03)
Net Cash Flow from Operating Activities	11,154.28	9,055.15
Loss of inventory due to fire (extraordinary item)	-	(531.16)
Net Cash Flow from/(used in) Operating activities after extraordinary item	11,154.28	8,523.99
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	27.48	19.61
Purchase of Fixed Assets	(1,140.14)	(3,653.68)
Proceeds from Sale of Fixed Assets	198.23	166.97
Dividends received	213.99	75.60
Deposits made during the year (with maturity more than 3 months)	(2,342.79)	(14.43)
Purchase of current investments	(7,427.00)	(2,239.26)
Proceeds from sale of current Investments	6,515.37	2,981.58
Net Cash Flow from / (used in) Investing Activities	(3,954.86)	(2,663.61)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

All amounts in Indian Rupees in lakhs, except stated otherwise

PARTICULARS	For the year ended March 31, 2012	For the year ended March 31, 2011
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Packing Credit	70,996.05	32,448.53
Repayment of Packing Credit	(75,861.70)	(33,156.03)
Repayment of Term Loans	(1,064.00)	(1,778.27)
Interest paid	(2,213.65)	(3,233.82)
Net Cash Flow from / (used in) Financing Activities	(8,143.30)	(5,719.59)
D. Net Increase / (Decrease) in Cash & Cash Equivalents (A + B + C)	(943.88)	140.79
E. Opening Balance of Cash & Cash Equivalents	2,744.04	2,603.25
F. Closing Balance of Cash & Cash Equivalents	1,800.16	2,744.04
Components of Cash and Cash Equivalents		
Cash on hand	63.94	161.23
Bank Balances with Scheduled Banks:		
-- in Current Accounts	1,713.83	2,568.85
-- in EEFC Accounts	21.32	12.89
-- in Unpaid Dividend Accounts (restricted use)	1.07	1.07
	1,800.16	2,744.04

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526

Bengaluru
Dated : May 21, 2012

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102

Bengaluru
Dated : May 21, 2012

For and on behalf of the
Board of Directors

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 21, 2012

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

1. Corporate Information

Gokaldas Exports Limited ('the Company' or 'Gokaldas') was incorporated on March 1, 2004 by converting the erstwhile partnership firm Gokaldas India under Part IX of the Companies Act, 1956. Pursuant to the order of the Hon'ble High Court of Karnataka dated November 20, 2004, Gokaldas Exports Private Limited and The Unique Creations (Bangalore) Private Limited have been amalgamated with the Company, with April 1, 2004 being the appointed date. The Company currently operates a 100% Export Oriented Unit, a Domestic Tariff Area Unit and a Special Economic Zone Unit.

The Company is a public company domiciled in India and its shares are listed on two stock exchanges in India. The Company and its subsidiaries (hereinafter collectively referred to as "the Group") is engaged in the business of design, manufacture, and sale of a wide range of garments for men, women, and children and caters to the needs of several leading international fashion brands and retailers. The principal source of revenue for the Group is from export of garments and related products.

2. Basis of preparation and consolidation of financial statements

The accompanying consolidated financial statements include the accounts of Gokaldas and its subsidiaries as follows:

Name of the Subsidiary	% Holding*	Country of Incorporation
All Colour Garments Private Limited	100%	India
Deejay Trading Private Limited	100%	India
Glamourwear Apparels Private Limited	100%	India
Madhin Trading Private Limited	100%	India
Magenta Trading Private Limited	100%	India
Rafter Trading Private Limited	100%	India
Rajdin Apparels Private Limited	100%	India
Reflexion Trading Private Limited	100%	India
Rishikesh Apparels Private Limited	100%	India
Robot Systems Private Limited	100%	India
Seven Hills Clothing Private Limited	100%	India
SNS Clothing Private Limited	100%	India
Vignesh Apparels Private Limited	100%	India

* No change in the shareholding for the year ended as at 31 March 2011.

The consolidated financial statements of the Group have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) and complies in all material respects with the notified accounting standards under Companies (Accounting Standards) Rules (as amended), 2006 and the relevant provisions of the Companies Act, 1956. The consolidated financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

The consolidated financial statements have been prepared based on a line-by-line consolidation of balance sheet, statement of profit and loss and cash flows of Gokaldas and its subsidiaries. All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

The excess of the cost to the Company of its investments in subsidiaries over its proportionate share in equity of the investee company as at the date of acquisition, is recognised in the consolidated financial statements as Goodwill. In case the cost of investment in subsidiary companies is less than the proportionate share in equity of the investee company as on the date of investment, the difference is treated as capital reserve and shown under Reserves and Surplus.

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Group, for the preparation and presentation of consolidated financial statements. The adoption of revised Schedule VI does not impact the recognition and measurement principles followed for the preparation of the consolidated financial statements. However, it has significant impact on the presentation and disclosure of the consolidated financial statements. The Group has reclassified previous year figures in accordance with the requirements applicable in current year.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

2.1 Summary of Significant accounting policies

a) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring material adjustment to the carrying amounts of assets and liabilities in future periods.

b) Revenue recognition

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

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the customer.

Export incentives are recognized on accrual basis in accordance with the applicable schemes formulated, by the Government of India and where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

Revenues from job work contract are recognized as and when services are rendered.

Dividend income on investments is accounted when the right to receive the dividend is established as at reporting date.

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

Insurance / other claims are recognized on acceptance basis.

c) Hedge accounting

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currencies. The Group limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of forward cover derivatives. The Group enters into derivative contract for sale of US dollars, GBP and Euros, where the counterparty is a bank.

The Group has adopted principles of hedge accounting as set out in Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", to the extent that the adoption does not conflict with existing accounting standards and other authoritative pronouncements of Company Law and other regulatory requirements.

Based on the recognition and measurement principles of hedge accounting set out in AS 30, the effective portion on changes in the fair values of derivative financial instruments designated as cash flow hedges are recognized directly in reserves/ equity and are reclassified to the statement of profit and loss upon the occurrence of the hedged transaction. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the statement of profit and loss. Changes in fair value relating to derivatives not designated as hedges are recognized in the statement of profit and loss.

Hedge Accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument is recognised in hedging reserve is transferred to profit and loss account when forecasted transaction occurs or when a hedged transaction is no longer expected to occur.

d) Fixed assets and depreciation/ amortization (tangible and intangible)

Fixed assets are stated at cost of acquisition/construction less accumulated depreciation and impairment losses if any, net of grants received, where applicable and subsequent improvements thereto including taxes, duties, freight, and other incidental expenses related to acquisition/construction. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is provided using the written down value method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	Rate of depreciation (WDV)
Buildings	10.00%
Plant & Machinery	13.91%
Electrical Equipments	13.91%
Office Equipments	13.91%
Furniture & Fixtures	18.10%
Computers	40.00%
Vehicles	25.89%
Computer Software (Intangibles)	40.00%

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of addition. Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower which ranges between 5 to 10 years.

Intangible assets comprising of Know-how (Process improvement costs) are amortized over 36 months.

e) Borrowing Costs

Borrowing costs includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs attributable to acquisition and construction of qualifying assets that necessarily takes substantial period of time to get ready for its intended use are capitalized as a part of the cost of such asset. All other borrowing costs are expensed in the period they occur.

f) Impairment of tangible and intangible assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Inventories

Raw materials, packing materials, stores, spares, and consumables are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Finished goods and work in progress are valued at lower of cost and net realisable value after considering provision for obsolescence and other anticipated loss, wherever considered necessary. Finished goods and work in progress includes cost of conversion and other production overheads. Cost is determined on a weighted average basis. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

h) Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

Group at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

i) Government Grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is netted off with the relevant expense. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

j) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as longterm investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged / credited to statement of profit and loss.

k) Retirement and Other Employee Benefits

(i) Defined Contribution Plans:

Contributions to provident fund are made at pre-determined rates and charged to the statement of profit and loss for the year when contributions are due. The Group has no obligation, other than the contribution payable to the provident fund.

(ii) Defined Benefit Plans:

Gratuity liability is accrued in the books based on actuarial valuation on projected unit credit method as at reporting date. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred.

(iii) Compensated absences:

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Compensated absences are provided for, on the basis of an actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred.

l) Taxation

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, deferred tax asset is recognised only to the extent that it has timing differences the reversal of which will result in sufficient income or there is other convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

Minimum Alternative Tax ('MAT') credit is recognised, as an asset only when and to the extent there is

CONSOLIDATED NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Group reviews the same at each reporting date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

m) Accounting for leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

n) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

o) Segment Reporting Policies

(i) Identification of segments:

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Group operate.

(ii) Basis of allocation:

Assets, liabilities, income, and expenditure are allocated to each segment according to the relative contribution of each segment to the total amount. Unallocated items include general corporate items, which are not allocated to any segment.

(iii) Segment Policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

p) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the controls of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

r) Cash and Cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
3 SHARE CAPITAL		
Authorised shares		
40,000,000 (2011 : 40,000,000) equity shares of Rs. 5 each		
Issued, subscribed and fully paid-up	2,000.00	2,000.00
34,376,000 (2011 : 34,376,000) equity shares of Rs. 5 each	1,718.80	1,718.80
	<u>1,718.80</u>	<u>1,718.80</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	31 March 2012		31 March 2011	
	No.	Amount	No.	Amount
At the beginning of the year	34,376,000	1,718.80	34,376,000	1,718.80
Outstanding at the end of the year	34,376,000	1,718.80	34,376,000	1,718.80

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 5 per share. Each holder of equity is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would 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 shareholders.

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

Equity shares of Rs. 5 each fully paid up	31 March 2012		31 March 2011	
	No.	Amount	No.	Amount
Holding company :				
Blackstone FP Capital Partners (Mauritius)	23,469,242	1,173.46	23,469,242	1,173.46
V-B Subsidiary Limited				

(d) Details of shareholders holding more than 5% shares in the Company

Equity shares	31 March 2012		31 March 2011	
	No.	Shareholding %	No.	Shareholding %
Blackstone FP Capital Partners (Mauritius)	23,469,242	68.27%	23,469,242	68.27%
V-B Subsidiary Limited, Holding company				
Vinamra Universal Traders Private Limited	-	-	2,279,714	6.63%
Dinesh J Hinduja	2,228,464	6.48%	2,228,464	6.48%
Madanlal J Hinduja	1,914,158	5.57%	1,914,158	5.57%
Rajendra J Hinduja	1,914,138	5.57%	1,914,138	5.57%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
4 RESERVES AND SURPLUS		
Capital reserves		
Capital reserve (on amalgamation) balance as per last account	9,769.12	9,769.12
Securities premium reserve		
Balance as per last account	13,721.31	13,721.31
General reserve		
Balance as per last account	2,192.09	2,192.09
Hedging reserve		
Balance as per last account	464.15	734.15
Changes during the year :		
Transferred to profit and loss account on occurrence of forecasted hedge transaction	(464.15)	(734.15)
Net changes in the fair value of effective portion of outstanding cash flow derivatives	(418.98)	464.15
	<u>(418.98)</u>	<u>464.15</u>
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	8,969.01	17,976.29
Profit / (loss) for the year	(13,237.84)	(9,007.28)
Net surplus / (deficit) in the statement of profit and loss	<u>(4,268.83)</u>	<u>8,969.01</u>
	20,994.71	35,115.68

5 LONG-TERM BORROWINGS

Term loans (secured) :	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Indian rupee loan from banks	526.00	1,590.00	864.00	864.00
	526.00	1,590.00	864.00	864.00

Note :

(a) Term Loan from banks was taken under Technology Upgradation Fund (TUF) scheme and carries interest @ 14.25% (March 2011 : 11.25%). The loan is repayable in 52 monthly installments of Rs. 72 lakhs each commencing from September 2009. The loan is secured by hypothecation of plant and machinery acquired out of this TUF loan.

(b) Current maturities are disclosed under the head current liabilities [Refer Note 8]

6 PROVISIONS

	Long term		Short term	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Provision for employee benefits				
Provision for gratuity [Refer Note 27]	780.24	575.46	177.91	72.86
Provision for leave benefits	553.78	436.42	204.01	55.71
	1,334.02	1,011.88	381.92	128.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
7 SHORT-TERM BORROWINGS		
Loans repayable on demand from banks (secured)		
Indian rupee packing credit loan	13,563.80	20,041.03
Foreign currency packing credit loan	10,902.06	9,147.18
	<u>24,465.86</u>	<u>29,188.21</u>
Note :		
(a) Packing credit is secured against hypothecation of inventory and trade receivables. The interest is 10.75% p.a (March 2011 : 9.50% p.a) for Indian Rupee loan and LIBOR + 350 basis points (March 2011 : LIBOR + 200 basis points) for foreign currency packing credit loan.		
8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
Trade payables		
Other current liabilities	6,688.62	5,905.11
Current maturities of long-term borrowings [Refer Note 5]	864.00	864.00
Other expenses / liabilities	3,252.21	3,089.31
Advances from customers	153.23	226.38
Book overdraft	87.67	111.96
Interest accrued and not due on term loans	7.28	15.22
Unclaimed dividends	1.07	1.07
[Investor education and protection fund will be credited as and when due]		
Mark-to-market loss on derivative contracts	418.98	-
Statutory liabilities	758.46	712.54
	<u>5,542.90</u>	<u>5,020.48</u>
	<u>12,231.52</u>	<u>10,925.59</u>

9 FIXED ASSETS

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	Tangible assets										Intangible assets			
	Land	Buildings	Leasehold improvements	Plant & machinery	Electrical equipments	Office equipments	Furniture & fixtures	Computers	Vehicles	Total tangible assets	Know-how	Goodwill on consolidation	Computer software	Total intangible
Cost or valuation														
At 1 April 2010	1,331.07	7,798.54	802.18	28,188.84	1,996.22	467.10	2,427.88	823.89	566.32	44,402.04	694.64	314.79	406.06	1,415.49
Additions	-	314.60	289.36	2,046.82	82.36	23.03	239.29	48.03	101.99	3,145.48	-	-	233.29	233.29
Disposals	-	-	-	300.03	-	-	91.05	-	135.56	526.64	-	-	-	-
At 31 March 2011	1,331.07	8,113.14	1,091.54	29,935.63	2,078.58	490.13	2,576.12	871.92	532.75	47,020.88	694.64	314.79	639.35	1,648.78
Additions	-	63.49	430.98	596.07	19.65	18.30	16.04	28.57	1.50	1,174.60	-	-	14.16	14.16
Disposals	-	202.79	11.90	134.12	188.07	0.91	87.73	0.77	58.83	685.12	-	-	43.10	43.10
At 31 March 2012	1,331.07	7,973.84	1,510.62	30,397.58	1,910.16	507.52	2,504.43	899.72	475.42	47,510.36	694.64	314.79	610.41	1,619.84
Depreciation														
At 1 April 2010	-	2,290.80	343.44	13,699.50	877.12	206.62	1,239.97	670.40	379.50	19,707.35	-	-	214.98	214.98
Charge for the year	-	573.03	274.05	2,130.52	160.39	37.40	248.59	69.78	54.98	3,548.74	231.55	-	108.61	340.16
Disposals	-	-	-	204.69	-	-	24.08	-	110.34	339.11	-	-	-	-
At 31 March 2011	-	2,863.83	617.49	15,625.33	1,037.51	244.02	1,464.48	740.18	324.14	22,916.98	231.55	-	323.59	555.14
Charge for the year	-	552.44	271.26	2,030.44	141.61	33.00	197.37	54.36	47.58	3,328.06	231.55	-	136.47	368.02
Disposals	-	88.56	7.24	76.26	98.73	-	40.97	0.73	32.90	345.39	-	-	43.10	43.10
At 31 March 2012	-	3,327.71	881.51	17,579.51	1,080.39	277.02	1,620.88	793.81	338.82	25,899.65	463.10	-	416.96	880.06
Net Block														
At 31 March 2011	1,331.07	5,249.31	474.05	14,310.30	1,041.07	246.11	1,111.64	131.74	208.61	24,103.90	463.09	314.79	315.76	1,093.64
At 31 March 2012	1,331.07	4,646.13	629.11	12,818.07	829.77	230.50	883.55	105.91	136.60	21,610.71	231.54	314.79	193.45	739.78

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
10 NON-CURRENT INVESTMENTS		
Non trade investments [valued at cost unless stated otherwise]		
Investment in Government Securities (unquoted)	0.63	0.63
	0.63	0.63
Note :		
(a) Aggregate amount of unquoted investments	0.63	0.63

11 LOANS AND ADVANCES

(unsecured, considered good unless stated otherwise)	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Capital advances	46.71	41.88	-	-
Security and other deposits [includes doubtful non current deposits of Rs. 85.44 lakhs (2011 : Rs. Nil)]	2,974.52	3,028.15	-	-
Advances recoverable in cash / kind	-	-	812.37	1,345.50
Other loans and advances				
Prepaid expenses	1.49	2.93	189.18	197.36
Loans and advances to employees	29.15	4.26	75.23	132.02
Other receivables	221.55	265.08	181.92	288.05
Advance tax	65.84	314.06	1,271.28	1,429.79
Minimum alternate tax credit entitlement	40.32	40.32	-	-
Balance with government authorities [includes doubtful non current receivable of Rs. 61.98 lakhs (2011 : Rs. Nil)]	61.98	88.24	143.65	369.97
	3,441.56	3,784.92	2,673.63	3,762.69
Less : Provision for doubtful advances	147.42	-	-	-
	3,294.14	3,784.92	2,673.63	3,762.69

Note :	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
(a) Security deposits include following rental deposits with related parties :				
VAG Exports Private Limited	-	319.00	-	-
Hinduja Trading Company	-	305.20	-	-
Universal Garments	-	0.20	-	-
	-	624.40	-	-

12 OTHER ASSETS

(unsecured, considered good unless stated otherwise)	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Non-current bank balances [Refer Note 16]	57.48	80.39	-	-
Interest accrued on bank deposits	-	-	77.77	12.21
Mark-to-market gain on derivative contracts	-	-	-	464.15
Export incentives receivable [includes doubtful non current balance of Rs. 326.63 lakhs (2011 : Rs. Nil)]	1,092.99	1,790.72	1,685.19	1,987.70
	1,150.47	1,871.11	1,762.96	2,464.06
Less : Provision for doubtful other assets	326.63	-	-	-
	823.84	1,871.11	1,762.96	2,464.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
13 CURRENT INVESTMENTS		
(valued at lower of cost and fair value)		
Unquoted mutual funds		
Templeton India Short Term Income Retail Plan	-	454.27
Nil (2011 : 34,287) units of Rs. 1,000 each fully paid-up		
Fidelity Short Term Income Fund	-	1,008.59
Nil (2011 : 10,085,636) units of Rs. 10 each fully paid-up		
BNP Paribas Short Term Income Fund - daily dividend plan	613.37	-
6,113,679 (2011 : Nil) units of Rs. 10.03 each fully paid-up		
IDFC Money Manager Fund - growth plan	413.44	-
2,566,386 (2011 : Nil) units of Rs. 16.11 each fully paid-up		
JP Morgan India Short Term Income Fund - growth plan	1,000.00	-
8,839,701 (2011 : Nil) units of Rs. 11.31 each fully paid-up		
AIG Short Term Fund Retail Growth Plan	413.00	-
31,187 (2011 : Nil) units of Rs. 1,324.27 each fully paid-up		
Unquoted government securities		
Government securities (maturing within twelve months)	0.08	0.42
	<u>2,439.89</u>	<u>1,463.28</u>
Note :		
(a) Aggregate amount of unquoted investments	<u>2,439.89</u>	<u>1,463.28</u>
14 INVENTORIES		
(Valued at lower of cost and net realisable value)		
Raw materials (including packing materials)	7,003.87	18,294.91
[includes material in transit Rs. 226.01 lakhs (2011 : 361.55 lakhs)]		
Work-in-progress	6,006.19	6,249.92
Finished goods	3,955.16	4,223.50
Consumables, stores and spares parts	116.61	353.04
	<u>17,081.83</u>	<u>29,121.37</u>

15 TRADE RECEIVABLES

(unsecured, considered good)	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
- Outstanding for a period exceeding six months from the date they are due for payment	-	-	158.82	258.96
- Other receivables	-	-	6,215.45	8,281.03
	-	-	<u>6,374.27</u>	<u>8,539.99</u>

16 CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Cash and cash equivalents				
Balance with banks :				
-- in current accounts	-	-	1,713.83	2,568.85
-- in EEFC accounts	-	-	21.32	12.89
-- in unpaid dividend accounts	-	-	1.07	1.07
Cash on hand	-	-	63.94	161.23
	-	-	<u>1,800.16</u>	<u>2,744.04</u>
Other bank balances				
Deposits with original maturity for more than 12 months [Refer Note 12]	57.48	80.39	-	-
Deposits with original maturity for more than 3 months and less than 12 months	-	-	2,578.25	212.55
	<u>57.48</u>	<u>80.39</u>	<u>2,578.25</u>	<u>212.55</u>
	<u>57.48</u>	<u>80.39</u>	<u>4,378.41</u>	<u>2,956.59</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
17 REVENUE FROM OPERATIONS		
(A) Sale of Finished goods		
-- Exports	73,950.84	87,959.01
-- Domestic	19,340.78	15,744.91
	<u>93,291.62</u>	<u>103,703.92</u>
(B) Other operating revenue		
Sale of accessories, fabrics, etc	3,833.32	3,498.18
Job work income	3,665.63	1,116.59
Export incentives	3,265.82	5,630.28
Scrap sales and others (including claims)	1,063.78	693.57
	<u>11,828.55</u>	<u>10,938.62</u>
Revenue from operations (gross)	<u><u>105,120.17</u></u>	<u><u>114,642.54</u></u>
18 OTHER INCOME		
Interest income on bank deposit (gross)	93.04	20.29
[Tax deducted at source Rs. 9.31 lakhs (2011 : Rs. 2.03 lakhs)]		
Dividend income on current investments	213.99	75.60
Gain (net) on sale of current investments	65.32	3.14
Exchange differences (net)	-	1,450.87
Other non-operating income	222.60	39.39
	<u>594.95</u>	<u>1,589.29</u>
19 COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	18,294.91	23,126.19
Add: Purchases	45,858.66	57,499.69
	<u>64,153.57</u>	<u>80,625.88</u>
Less: inventory at the end of the year	7,003.87	18,294.91
Cost of raw materials consumed	<u><u>57,149.70</u></u>	<u><u>62,330.97</u></u>
20 (INCREASE) / DECREASE IN INVENTORIES		
Inventories at the beginning of the year		
Work-in-progress	6,249.92	5,189.58
Finished goods	4,223.50	8,657.68
	<u>10,473.42</u>	<u>13,847.26</u>
Inventories at the end of the year		
Work-in-progress	6,006.19	6,249.92
Finished goods	3,955.16	4,223.50
	<u>9,961.35</u>	<u>10,473.42</u>
	<u><u>512.07</u></u>	<u><u>3,373.84</u></u>
21 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	28,898.59	29,922.61
Contribution to provident fund and other fund	2,778.41	3,114.94
Gratuity expense [Refer Note 27]	705.11	618.71
Staff welfare expenses	863.13	762.64
	<u><u>33,245.24</u></u>	<u><u>34,418.90</u></u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	As at March 31, 2012	As at March 31, 2011
2.2 OTHER EXPENSES		
Consumption of consumables, stores and spares	1,100.14	1,605.68
Power and fuel	2,062.60	2,295.55
Job work charges	331.99	945.94
Other manufacturing expenses	715.93	1,360.14
Rent	2,693.07	2,464.02
Rates and taxes	141.93	138.48
Insurance	242.24	253.17
Repairs and maintenance		
- Plant and machinery	713.41	826.42
- Buildings	107.15	221.93
- Others	484.65	923.31
Legal and professional charges	364.19	851.10
Printing and stationery	172.40	186.43
Communication costs	251.53	285.19
Travelling and conveyance	347.74	317.09
Auditors' remuneration	41.32	39.36
Director's remuneration	107.80	140.80
Clearing, forwarding and freight (net of recoveries)	850.76	1,092.58
Provision for doubtful deposits and advances	474.05	-
Irrecoverable balances written off	1,381.73	1,469.76
[includes duty draw back written off Rs. 876.54 lakhs (2011 : Rs. 1,250 lakhs)]		
Bad debts written off	373.30	178.22
Loss on sale of fixed assets (net)	141.50	20.56
Exchange differences (net)	2,051.49	-
Miscellaneous expenses	2,480.18	1,645.52
	17,631.10	17,261.25
2.3 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	3,328.06	3,548.74
Amortisation on intangible assets	368.02	340.16
	3,696.08	3,888.90
2.4 FINANCE COSTS		
Interest		
- on term loans [Refer Note below]	170.71	236.18
- on packing credit	1,692.71	2,425.15
- on bill discounting	342.29	568.11
Exchange difference to the extent considered as an adjustment to borrowing cost	1,347.70	-
Bank charges	395.73	409.64
	3,949.14	3,639.08

Note :

(a) Interest is net of interest subvention subsidy Rs. 97.68 lakhs (2011 : Rs. 182.84 lakhs) under Technology Upgradation Scheme

(All amounts in Indian Rupees in lakhs, except stated otherwise)

25. Contingent liabilities (to the extent not provided for)

	2012	2011
Claims against the Group not acknowledged as debts	342.04	308.57
Guarantees given by banks	15.10	305.60
Outstanding letters of credit	1,098.00	1,049.44
Bills discounted with banks	8,647.81	14,153.84

26. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	58.28	320.71
(b) The Company has imported capital goods without payment of duty under Export promotion capital goods ('EPCG') scheme upto March 31, 2012. Under the EPCG scheme, the Company has export obligations to be fulfilled before November 05, 2017.	1,483.59	1,483.59
(c) For commitments relating to leasing arrangements, refer Note 30		
(d) For commitments relating to forward contracts, refer Note 33		

27. Gratuity

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on retirement or termination 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 summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet:

Net employee benefit expense (in statement of profit and loss) :	2012	2011
Current service cost	618.25	517.62
Interest cost on benefit obligation	56.70	35.27
Expected Return on Plan Assets	(20.69)	(10.03)
Actuarial loss/(gain)	50.85	75.85
Net benefit expense	705.11	618.71
Actual return on plan asset	21.97	12.07

Details of Provision for gratuity (in Balance Sheet)

	2012	2011
Defined benefit obligation	1,202.46	898.46
Fair value of plan asset	(294.31)	(250.14)
Plan liability / (asset)	908.15	648.32

Changes in the present value of the defined benefit obligation

	2012	2011
Opening defined benefit obligation	898.46	613.51
Current Service Cost	618.25	517.62
Interest Cost	56.70	35.27
Benefits Paid	(423.08)	(345.83)
Actuarial (gain)/loss	52.13	77.89
Closing defined benefit obligation	1,202.46	898.46

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

Changes in the fair value of plan asset are as follows:

	2012	2011
Opening fair value of plan asset	250.14	401.87
Expected return	20.69	10.03
Actuarial gain/(loss)	1.28	2.04
Contributions by employer	445.28	182.03
Benefits Paid	(423.08)	(345.83)
Closing fair value of plan asset	294.31	250.14

The principal assumptions used in determining gratuity obligations for the Group's plan are shown below:

	2012	2011
Interest Rate	8.5 %	8 %
Discount Factor	8.5 %	8 %
Estimated Rate of return on Plan Assets	8 %	8 %
Attrition Rate	35 %	35 %
Rate of escalation in Salary per annum	5 %	5 %
Retirement Age	58 years	58 years

The major categories of plan asset as a percentage of the fair value of total plan asset are as follows:

	2012	2011
Investments with insurer	100%	100%

Notes:

1. The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply & demand in the employment market.
2. The estimated rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled,
3. The Company expects to contribute Rs.85 lakhs (Rs. 248.72 lakhs in 2011-12) to gratuity in 2012-13.

Amounts for the current year and previous four year period are as follows:

	2012	2011	2010	2009	2008
Defined benefit obligation	1,202.46	898.46	613.51	496.02	374.93
Plan assets	(294.31)	(250.14)	(401.87)	(245.98)	(11.55)
(Surplus) / deficit	908.15	648.32	211.64	250.04	363.38

28. Segment information

a) Primary business segment

The Group is engaged in a single business segment of sale of garment, and hence, no additional disclosures are required, other than those already given in the Consolidated financial statements.

b) Secondary business segment (by geographical area based on location of customers):

Geographical Segment	Revenues	Carrying amount of segment assets
In India	29,069.69 (28,142.07)	59,088.86 (73,252.64)
Outside India	73,950.84 (87,959.01)	2,569.06 (6,440.82)
Total	103,020.53 (116,101.08)	61,657.92 (79,693.46)

Notes: 1. . Figures in brackets relate to previous year.

29. Related party disclosures

A. Names of related parties and description of relationship:

	Description of Relationship	Names of related parties
a.	<i>Parties where control exists:</i>	
	Immediate Holding Company	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited
	Ultimate holding Company	Blackstone FP Capital Partners (Mauritius) V-B Limited
b.	<i>Key management personnel:</i>	
	Chairman	Mr. Richard B Saldanha
	Director and Chief Executive Officer	Mr. Gautam Chakravarti
	Chairman	Mr. Madanlal J Hinduja (upto January 15, 2011)
	Managing Director	Mr. Rajendra J Hinduja (upto March 31, 2011)
	Executive Director	Mr. Dinesh J Hinduja (upto March 31, 2011)
	Chief Operating Officer – Production	Mr. Ashwin R Hinduja (upto July 15, 2011)
	Chief Operating Officer – Marketing	Mr. Vivek M Hinduja (upto September 30, 2010)
	Chief Operating Officer – Marketing	Mr. Gaurav D Hinduja (upto May 31, 2010)
c.	<i>Enterprises over which key management personnel and their relatives exercise significant influence with whom transactions have taken place during the year:</i>	
	Partnership Firm (upto March 31, 2011)	Hinduja Trading Company DMR Enterprises Universal Garments Avis Industrial Estate
	Private Limited Companies (upto March 31, 2011)	VAG Exports Private Limited Dazzle Trading Private Limited J.V.N. Exports Private Limited Polyproducts Private Limited

B. The following are the volume of transactions with related parties during the year and outstanding balances as at the year-end disclosed in aggregate by type of related party:

Nature of Transactions	Key Management Personnel	Others	Total
Sales/Other Income			
Sale of fabrics, accessories / ready made garments	Nil (Nil)	Nil (4,864.52)	Nil (4,864.52)
Expenses :			
Rent expenses	Nil (Nil)	Nil (700.40)	Nil (700.40)
Remuneration	117.50 (254.00)	Nil (Nil)	117.50 (254.00)
Balances outstanding as at March 31, 2012			
Current liabilities	7.43 (9.40)	Nil (0.20)	7.43 (9.60)
Security deposits	Nil (Nil)	Nil (1,469.50)	Nil (1,469.50)

Note : (i) Figures in brackets relate to previous year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

(All amounts in Indian Rupees in lakhs, except stated otherwise)

Disclosure for transactions that exceed 10% of total value of each class of transactions :

Sale of fabric, accessories/ready made garments	2012	2011
Other Enterprises		
DMR Enterprises	-	4,864.52
	-	4,864.52
Rent Expenses		
Other Enterprises		
Avis Industrial Estate	-	173.71
VAG Exports Private Limited	-	141.62
J.V.N. Exports Private Limited	-	133.91
Hinduja Trading Company	-	160.80
Others	-	90.36
	-	700.40
Remuneration to Key Management Personnel		
Gautam Chakravarti	100.00	-
Madanlal J Hinduja	-	38.00
Rajendra J Hinduja	-	48.00
Dinesh J Hinduja	-	48.00
Vivek M Hinduja	-	40.00
Ashwin R Hinduja	17.50	60.00
Gaurav D Hinduja	-	20.00
	117.50	254.00
Current Liabilities		
Key Management Personnel		
Gautam Chakravarti	7.43	-
Rajendra J Hinduja	-	2.89
Dinesh J Hinduja	-	2.89
Ashwin R Hinduja	-	3.62
	7.43	9.40
Other Enterprises		
VAG Exports Private Limited	-	0.20
	-	0.20
Security (Rental) deposits		
Other Enterprises		
VAG Exports Private Limited	-	632.50
Hinduja Trading Company	-	455.20
Universal Garments	-	215.24
Avis Industrial Estate	-	166.56
	-	1,469.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012

30. Leasing Arrangements:

The Group's leasing arrangements in respect of its office, factory and residential premises are in the nature of operating leases. These leasing arrangements, which are usually cancellable at the option of the lessee, are for a total period ranging from eleven months to six years and are renewable with mutual consent. All leases include a clause to enable upward revision of the rental charge on a periodic basis as specified under the rental agreement. The charge on account of lease rentals for the year is Rs. 2,693.07 lakhs (2011: Rs. 2,464.02 lakhs).

Future obligations of lease rentals for non cancellable period under respective lease agreements aggregate to Rs. 194.01 lakhs (2011 : Rs. 341.75 lakhs)

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	2012	2011
Not later than one year	194.01	265.11
Later than one year and not later than five years	-	76.64
Later than five years	-	-
	194.01	341.75

31. Earnings per share

	2012	2011
(A) Net profit / (loss) for the year as per statement of profit and loss		
- after tax before extraordinary items	(13,237.84)	(8,476.12)
- after tax and extraordinary items	(13,237.84)	(9,007.28)
(B) Weighted average number of equity shares (Nos.)	34,376,000	34,376,000
(C) Nominal value per share (Rs.)	5.00	5.00
(D) Earnings per share (Rs.) – Basic and diluted		
- before extraordinary items	(38.51)	(24.66)
- after extraordinary items	(38.51)	(26.20)

32. Deferred taxes - components of asset / (liability)

	2012	2011
Difference between carrying amount of Fixed Assets in Financial Statements and Income Tax returns	(780.46)	(1,259.45)
Unabsorbed depreciation & business losses	775.37	1,244.72
Net Deferred Tax Asset/ (Liability)	(5.09)	(14.73)

33. Derivative contracts / instruments

Particulars of Derivative contracts: Forward contract outstanding as at balance sheet date

Sell contracts	2012		2011		Purpose
	foreign currency (in lakhs)	Rs. (in lakhs)	foreign currency (in lakhs)	Rs. (in lakhs)	
USD	407.33	20,783.36	278.00	13,049.30	Hedge of expected future sales
EURO	9.26	634.48	41.50	2,619.09	Hedge of expected future sales
GBP	3.25	266.32	1.20	90.06	Hedge of expected future sales

34. Exchange difference loss / (gain)

	2012	2011
Pre-shipment packing credit	1,718.44	(342.33)
Post-shipment credit	206.71	195.64
Forward contracts and options	773.28	(1,184.83)
Foreign currency receivables	(683.09)	(105.44)
Foreign currency payables	36.15	(13.91)
	2,051.49	(1,450.87)

35. As of the Balance Sheet date, the Company's unhedged foreign currency exposure is as under:

	Receivables / (Payables)			
	2012		2011	
	Amount in foreign currency	Amount in Rs. lakhs	Amount in foreign currency	Amount in Rs. lakhs
Bank balances – USD	41,558	21.32	28,841	12.89
Trade receivables – USD*	4,250,212	2,180.36	11,981,741	5,355.84
Trade receivables – EUR*	13,454	9.21	1,622,557	1,024.82
Trade receivables – GBP*	463,093	379.49	83,672	60.16
Loans and advances – USD	864,059	443.35	1,688,715	754.63
Loans and advances – EUR	7,845	5.38	22,663	14.31
Loans and advances – GBP	22,211	18.21	362	0.26
Pre-shipment credit – USD	(21,247,441)	(10,902.06)	(20,206,243)	(9,147.18)
Trade payables – USD	(2,983,892)	(1,531.03)	(2,560,533)	(1,159.13)
Trade payables – EUR	(907)	(0.62)	(56,007)	(35.24)
Trade payables – GBP	(-)	(-)	(96,750)	(69.59)
Advances received from customers – USD	(46,257)	(23.73)	(140,259)	(63.59)
Advances received from customers – EUR	(137,820)	(94.39)	(81,545)	(51.31)

* net of export bills discounted

36. In previous year, there was a fire in the raw material warehouse of the Group in Bangalore and materials valued at Rs. 3,766.49 lakhs were fully destroyed. The Insurance claim was settled at Rs. 3,235.33 lakhs and the difference Rs. 531.16 lakhs was shown as extraordinary item.

37. Previous year comparatives

Previous year figures have been regrouped/re-arranged/reclassified, wherever necessary to conform to the current year's presentation.

As per our report of even date

for **Girish Murthy & Kumar**
Firm Registration Number: 000934S
Chartered Accountants

per **A.V. Satish Kumar**
Partner

Membership No. F-26526

Bengaluru

Dated : May 21, 2012

for **S.R. Batliboi & Co.**
Firm Registration Number: 301003E
Chartered Accountants

per **Navin Agrawal**
Partner

Membership No. 56102

Bengaluru

Dated : May 21, 2012

For and on behalf of
Board of Directors

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 21, 2012

Culture building through behavioural change

1. Team Work

1. Support each other
2. Interactive decision making
3. Effective inter-functional meeting

2. Trust one another

1. Empowerment
2. Direct & open communication

3. Challenge one another

1. Raising the bar
2. Going the extra mile

4. Honour our commitment

1. Do whatever it takes
2. Play to win

5. Goal Oriented

1. Focus on KPI'S



Have I demonstrated the behaviors ?

Have I communicated these to our team member ??

Have I challenged others to demonstrate these behaviors ???



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