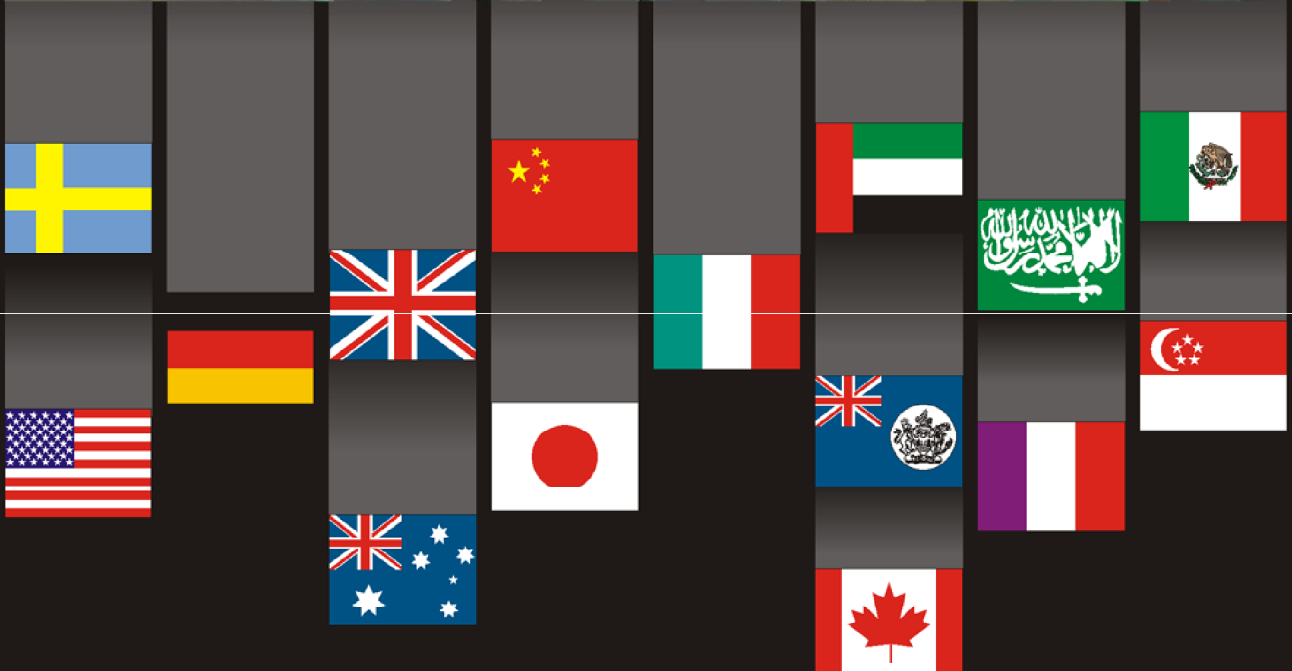


gokaldas exports ltd. **ge**



THE FOUNDER

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.

OUR VISION

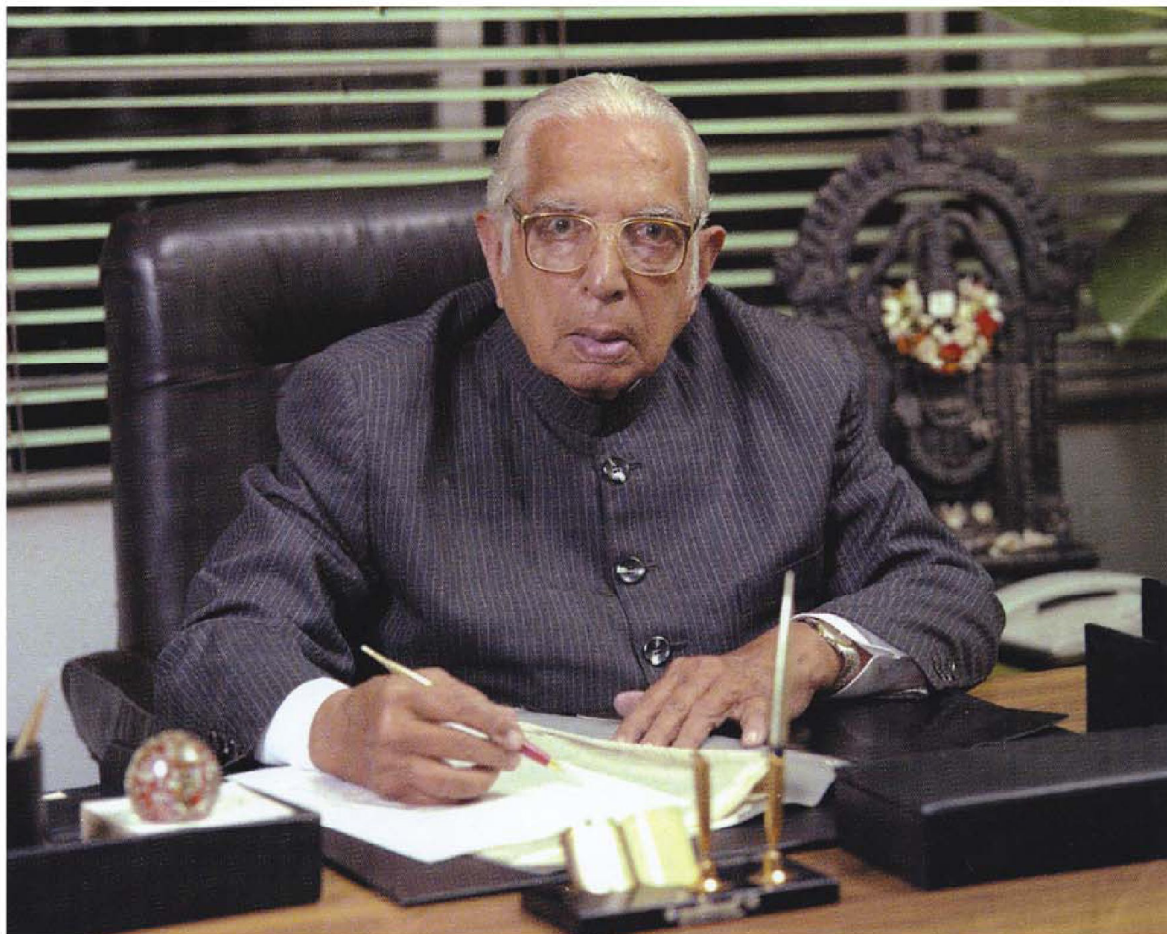
To set a precedent in the global garment manufacturing industry through continuous innovation, exceptional products, focused services and enhanced customer satisfaction.

Jhamandas H. Hinduja

OUR MISSION

- Deliver on-time, every time, any where in the world.
- Keep a sharp eye on product quality and put in all efforts to raise the bar, constantly.
- Comply flawlessly with all statutory regulations required by our customers in any country.
- Augment and maintain a logistics infrastructure that adheres to the highest levels of efficiency that seamlessly blends with our customers' own supply chain.
- Ensure escalating productivity standards at the lowest operating cost, thus offering our customers a product of the highest quality at the most competitive price.

The late Jhamandas H. Hinduja



LEADERSHIP AWARD

Gokaldas Exports accolades

GOKALDAS EXPORTS has won the highest number of awards in Asia! Since 1980, the company has also won all the top export awards amongst all Indian garment manufacturers.

These awards are based on a comprehensive set of attributes including design, technology, value, product and experience.

A signal recognition indeed!



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Registered Office

No. 70, Mission Road
Bangalore - 560 027, India

Company Secretary

Bimlendu Kumar

Statutory Auditors

M/s S R Batliboi & Co.
Chartered Accountants
Canberra Block, 12th Floor, UB City
No. 24, Vittal Mallya Road
Bangalore - 560 001

M/s Girish Murthy & Kumar
Chartered Accountants
4502, High Point IV
45, Palace Road,
Bangalore - 560 001

Bankers

Canara Bank
Citi Bank



Marketing team



*The Gokaldas Exports
Corporate Office in Bangalore*



BOARD OF DIRECTORS



Shri Madanlal J. Hinduja
Chairman



Shri Rajendra J. Hinduja
Managing Director



Shri Dinesh J. Hinduja
Executive Director



Shri Akhilesh Krishna Gupta
Director



Shri Mathew Cyriac
Director



Shri Prince Asirvatham
Independent Director



Shri Arun K. Thiagarajan
Independent Director



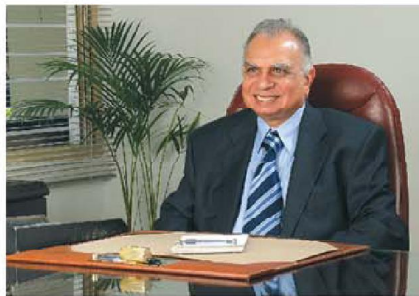
Shri J H Mehta
Independent Director



Shri Ranjan Pant
Independent Director



CHAIRMAN'S STATEMENT



Shri Madanlal J. Hinduja
Chairman

We enter the new financial year in turbulent times. 2009-10 offers tough challenges as we come off a year that started off very well but ended with tough last quarters. We are in the midst of very challenging times. The global economic crisis has now adversely affected all the economies across the world.

In spite of our initial optimism, the Indian economy also stands beaten by the crisis. The year 2008-09 started with a lot of promises of continued high growth. However, the monetary measures to control the runaway inflation during the middle of the year and the credit crunch caused by the economic crisis in the latter half of the year saw demand severely hit and our sales sharply falling.

The financial crisis and the ensuing recessionary tendencies have created a sense of uncertainty among all the entities and clients. The financial tsunami has cascaded to other sectors of the economy. The effect has been felt among matured and developing markets alike. Despite economic slow down that set in the middle of 2008, our company ended the year with a net sales increase of 9% in line with our expectations. We were able to achieve this growth because of our company's diversified clientele and product portfolio. Though we did an excellent job of monitoring costs and increasing prices, this was not enough to offset the rapid decline of the Indian Rupee and in turn adversely impacted our bottom line. The loss increased due to hedging of Foreign Currency and this brought the company's PAT to the lowest level. However, the EBITDA registered a growth of 30% and stood at Rs.154 Crores.

The forex loss of Rs.70 Crores for the whole year has been unprecedented, and this currency volatility affected the whole Indian economy as a whole. The textile and clothing industry in India is facing the worst period since its inception. One single economic crisis in the U.S. has brought down the sector to its knees. As against the Indian apparel export growth of 15% to 20% every year, we have landed up in a negative growth of 10%. This has been really a roller coaster ride for the industry.

The U.S. and EU markets constitute 90% of our company's exports and the slow down in these markets have impacted our exports in a significant way. Consumers in these major markets also seem to have shifted towards cheaper products and therefore more economic sources of supply. Countries which are able to supply cheaper goods have therefore been less affected. Several of the leading manufacturing countries have taken various steps to mitigate the hardship faced by their respective garment industries.

Vietnam, Pakistan, Cambodia and Bangladesh, and of course China, have increased their tax incentives/refunds, reduced interest charges and increased their duty drawback refunds. We have appealed to our Government and we await their favourable response.

Textile exports tumbled 30% and production contracted 20% to 30% since April '08. The Indian textile industry reeled under declining domestic demand and high input costs in the current year. Drop in demand from the external markets has created a panic among many manufacturers who have started production in a phased manner.

The present scenario is likely to remain till early 2010. As the effect of recession is higher on the developed markets, the demand is expected to remain weak. Due to the global economic meltdown and the consequent slow down in demand for products from overseas, the industry has been facing a tremendous task of retaining the workforce and keeping the factories running.

In terms of employment and manpower, we have reduced the employment by approx. 3000 to be in line with the sagging demand from the world markets. In this atmosphere of gloom, I wish to emphasize that our

Company has the necessary strength not only to sustain itself but also to be well positioned to contribute and benefit from the opportunities that the world markets offer.

In the previous year, 2008-09, we inducted 2 new independent Directors, namely, Mr. Arun Thyagarajan, Mr J.H. Mehta. We have also, on 13th July, 2009, appointed 2 new directors, viz. Mr. Rangachari and Mr. Partha Sarkar.

The earlier 2 independent Directors, Mr. H.S.Nagaraj and Mr.K.P.Kumar, have resigned from the Board.

I wish to place on record my appreciation to all the Board members for their continued support for the challenges we have ahead.

In the coming years, Gokaldas Exports would continue to take a lead and thrive on the spirit of entrepreneurship, and finding out answers to the various questions we come across.

Madanlal J. Hinduja
Chairman



The ultra modern design studio

DIRECTOR'S REPORT

Your Directors are pleased to present their Sixth Annual Report on the business and operations of your Company for the year ended 31st March, 2009.

Financial Results

(Rs. In lakhs)

Particulars	Year ended 31 st March 2009	Year ended 31 st March 2008
Profit Before Tax	345.00	5,120.38
Less: Provision for Tax:	8.53	359.51
Profit after Tax	336.47	4,760.87
Balance brought forward from last Year	17,751.08	13,868.49
Amount available for appropriation	18,087.56	18629.35
Appropriations:		
Proposed dividend	-	343.76
Corporate dividend tax	-	58.42
General Reserve	-	476.09
Balance carried forward	18,087.56	17,751.08

The company reported turnover of Rs.109340.27 lakhs (stand alone) for the year ended 31st March, 2009 and profit after tax at Rs.336.48 lakhs. The Company added new customers and existing buyers have increased their offtake resulting in higher turnover.

Dividend

In view of the bad market situation, and in view of the low performance, the Directors have decided not to recommend any dividend this year.

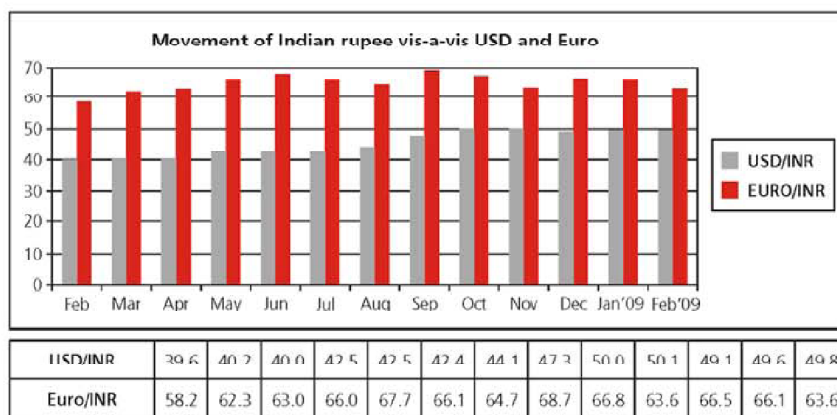
Operations Review

The global economic down turn has impacted corporate earnings in an unprecedented manner over the last fiscal. This has been further compounded by foreign currency volatility, followed by the surging Dollar, which has led to export driven companies suffering large losses on account of foreign exchange hedging. GEL's financial performance has been challenged with all the factors, resulting in a sharp decline in post tax profits (PAT), but redeemed by operating profits and margins that were sustained.

During the financial year 2008-09, the company has reported a 9% increase in sales from Rs.1003 Crores to Rs.1094 Crores. The EBITDA for the whole year stands at Rs. 154 Crores, registering a growth of 30%. This performance is impressive given that 2008-09 also saw one of the most severe economic meltdowns the world has ever seen, especially affecting the retail sales in both the US and European

markets of our customers. The textile and clothing sector in India has gone through a rough time with customers shrinking volumes and lowering their purchase budgets. However, Gokaldas Exports Limited has been able to maintain its volumes and increase its market share within India, as evident from the 9% increase in its revenues.

Fiscal 2008-09 will go down as a year of learning and reckoning. It is time to strongly leverage India's labour advantages and move up the value chain. The Rupee hit an all time low and illustrated below is a chart indicating the drastic movement of the Rupee-Dollar parity from the level of Rs.39.60 a US\$ in February, 2008 to Rs.49.80 a US\$ in February, 2009.



The Indian textile industry reeled under declining domestic demand and high input costs in the current year. Drop in demand from external markets

created panic among manufacturers who have started trimming production in a phased manner. Indian companies have adopted a policy of temporarily discharging workers to deal with the impact of global economic meltdown. Accordingly we have shrunk our employment by 3000 workers.

The global financial crisis has made Indian textile industry to bleed and the present scenario is that this situation is likely to remain as it is until the beginning of 2010. No improvement in the near future seems to be in sight and economic experts feel that if at all the recovery takes place, it would be some time in early 2010.

The whole country is down by 5% when compared to last year's export figures, and it is down by 20% when compared to the target set by the Government of India.

We are happy to report that our company was awarded the 'Best Manufacturer Exporter Award' for the year 2008-09, by the Federation of Karnataka Chambers of Commerce and Industry, and the same was presented on 23rd June, '09, at Bangalore.

Subsidiary Companies

In line with the requirements of Accounting Standard AS - 21 issued by the Institute of Chartered Accountants of India, consolidated financial statements presented by the Company include the financial information of its subsidiaries, which were acquired by the Company on 1st December 2004. The Company has received approval from

the Ministry of Company Affairs, Delhi vide order dated March 20, 2009 exempting the Company from attaching the annual accounts of the subsidiary

Global Garments - 3



Venkateshwara Clothing Company



New Mysore Factory - Atlantic Apparels - 2



Companies as required under section 212 of the Companies Act 1956.

Accordingly, this annual report does not contain the annual accounts and other information of the following subsidiary companies:

Name of the Subsidiary

- i. All Colour Garments Private Limited
- ii. DeeJay Trading Private Limited
- iii. Glamourwear Apparels Private Limited
- iv. Madhin Trading Private Limited
- v. Magenta Trading Private Limited
- vi. Rafter Trading Private Limited
- vii. Rajdin Apparels Private Limited
- viii. Reflexion Trading Private Limited
- ix. Rishikesh Apparels Private Limited
- x. Seven Hills Clothing Private Limited
- xi. SNS Clothing Private Limited
- xii. Vignesh Apparels Private Limited
- xiii. Robot Systems Private Limited

company is attached to the Report on Corporate Governance.

Management's Discussion and Analysis

A detailed review of operations, performance and future outlook of the Company is given separately under the head "Management's Discussion and Analysis".

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 upto 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.

New Hyderabad Factory



Any shareholder desires to obtain a copy of accounts and other information pertaining to any/all subsidiaries may write to the Company Secretary at the registered office of the Company and the same will be sent by post.

Corporate Governance

As per the revised clause 49 of the Listing Agreement with the Stock Exchanges, which became effective 1st January 2006, a detailed note on Corporate Governance is given separately. The company has complied with the requirements and disclosures that have to be made in this regard. The Auditors' Certificate confirming the compliance of the Corporate Governance requirements by the

Directors

During the year 2008-09, Shri H S Nagraj, Shri K P Kumar and Shri Richard B Saldanha have resigned from the Board with effect from November 11, 2008, February 09, 2009 and March 16, 2009 respectively. The Directors of your company wish to place on record their appreciation for the services rendered and contribution made by Shri H S Nagraj, Shri K P Kumar and Shri Richard B Saldanha during his tenure as Director and as member of Audit Committee.

Further, Shri Ranjan Pant, Shri Arun K Thiagarajan and Shri J H Mehta were appointed as Additional Directors on the Board w.e.f. October 31, 2008, February 01, 2009 and February 24,

2009 respectively pursuant to article of association of the company but later on Shri Ranjan Pant resigned from the Board w.e.f. May 05, 2009.

Profile of the appointee directors is given in the Corporate Governance Reports which forms part of this Annual Report.

None of the Directors of the company are disqualified for being appointed as Directors as specified in Section 274 of the Companies Act, 1956.

The required resolutions for appointment/re-appointment of the aforesaid directors have been included in the notice convening the forthcoming annual general meeting.

Audit Committee

The Audit Committee consists of three independent directors viz. Shri Prince Asirvatham as Chairman and Shri Arun K Thiagarajan & Shri J H Mehta as members. The Committee has met four times during the year ended 31st March 2009 and the scope of activities of the Committee is in compliance with the revised clause 49 of the Listing Agreement with the Stock Exchanges.

The Powers and role of the Audit Committee is set out as part of the Report on Corporate Governance.

Auditors

M/s S.R. Batliboi & Co, Chartered Accountants and M/s Girish Murthy & Kumar, Chartered Accountants appointed by the Shareholders in the last Annual General Meeting held on September 04, 2008, as Joint Auditors, will retire at the forthcoming Annual General Meeting and, being eligible offer themselves for re-appointment.

Auditors' Report

The Auditors have pointed out in the Annexure to the Auditors' Report about updation of fixed assets, depositing of statutory dues. The Company has upgraded its Fixed Assets Software during the year, wherein the major portion of Fixed Assets have been updated. However the Fixed Assets with respect to one of the division of the Company is being updated.

In view of the above though the Company has completed physical verification of majority of its Fixed Assets, the remaining portion of Fixed Assets are being planned for physical verification.

Dress Master Suit



Suit line-up



The Company is regular in depositing the statutory dues but there has been slight delay in a few cases. Although all the statutory dues have been deposited and the Management is taking initiatives to strengthen the Company's internal control procedures to ensure that delay does not reoccur in future.

Directors' Responsibility Statement

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- a) In the preparation of annual accounts the applicable accounting standards have been followed by the Company.
- b) Appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable so as to give a true and fair view of the state of affairs of the Company as at 31st March 2009 and of the Profit of the Company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) The annual accounts have been prepared on a "going concern" basis.

Conservation of Energy, Research & Development, 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 earned :

Rs. 1,00,480.82 lakhs

Out go : Rs. 19,564.55 lakhs

Particulars of Employees

Information as per section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, as per provisions of section 219(1)(b)(iv) of the Companies Act, 1956, this Report and accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees under section 217 (2A) of the Companies Act 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary of the Company and same will be sent by post.

Acknowledgements

Your Directors thank the Company's business associates/customers, vendors and bankers for their continued support. Your Directors place on record their appreciation for the significant contribution made by the employees, who have been instrumental in enabling your company to achieve good progress during the year.

For and on behalf of the Board of Directors

Bangalore
May 28, 2009

Madanlal J Hinduja
Chairman

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, 2009 is enumerated below for information of the shareholders and investors of the Company.

(A) Corporate Governance Philosophy

Your Company stand committed to good Corporate Governance transparency, accountability, disclosure and independent supervision to increase the value to the stakeholders. The Company is committed to transparency in all its dealings with shareholders, employees, the Government and other parties and places high emphasis on business ethics. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and increasing long-term shareholder value, keeping in view the interests of the company's stakeholders.

(B) Board of Directors

The Composition of the Board of Directors of the Company is governed by the provisions of the Companies Act 1956, the Articles of Association of the Company and clause 49 of Listing Agreement with the Stock Exchanges. As of March 31, 2009, the Board had strength of nine directors with a combination of executive and non-executive directors. Shri Madanlal J Hinduja is Executive Chairman of the Company and Shri Prince Asirvatham, Shri Ranjan Pant, Shri Arun K Thiagarajan and Shri J H Mehta were non-executive Independent directors.

During the year 2008-09, Shri H S Nagraj, Shri K P Kumar, independent director and Mr. Richard B Saldanha, Director resigned in November, 2008, February 2009 and March 2009 respectively.

As a consequence to the above changes, the Composition of Board of Directors as of March 31, 2009 is slightly deviated from the compliance of Clause 49 of the Listing Agreement on Corporate Governance. One Independent Director was required to be appointed on the Board to comply with the conditions of the Listing Agreement.

The Directors of the Company are eminent personalities with varied knowledge and experience in manufacturing, marketing, finance, banking, legal, management and commercial administration. The Board meets as often as required being not less than 4 times in a year with a maximum gap not exceeding 4 months between any two meetings.

(i) Current Composition of the Board of Directors:

Sl. No.	Name of Director	Executive/ Non-executive	No. of other Directorships*	Committee* Memberships	Committee* Chairmanships
1)	Shri Madanlal J Hinduja Executive Chairman	Promoter /Executive	0	1	Nil
2)	Shri Rajendra I Hinduja Managing Director	Promoter/Executive	0	1	Nil
3)	Shri Dinesh J Hinduja Executive Director – Production & Marketing	Promoter/Executive	0	1	Nil
4)	Shri Akhilosh Krishna Gupta	Non-Executive/Promoter	1	2	Nil
5)	Shri Mathew Cyriac	Non-Executive/Promoter	1	2	Nil
6)	Shri Prince Asirvatham	Non-Executive/Independent	1	2	1
7)	Shri Arun K Thiagarajan#	Non-Executive/Independent	11	8	2
8)	Shri J H Mehta#	Non-Executive/Independent	1	2	Nil

* excluding private, foreign and Section 25 companies.

Arun K Thiagarajan, and Shri J H Mehta were appointed as Additional Directors on February 01, 2009, February 24, 2009 respectively.

None of the non-executive independent Directors have any pecuniary relationship or transactions with Company or its Group nor hold any shares in the Company.

CORPORATE GOVERNANCE REPORT

(ii) (a) Board Meetings

The Board meets at least once a quarter and four meetings were held during the financial year 2008-09 on June 09, 2008, July 29, 2008, October 31, 2008, and January 31, 2009.

The attendance of each Director at these meetings and at the last Annual General Meeting was as follows:

Sl. No.	Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM
1)	Shri Madanlal J Hinduja Chairman	4	4	Present
2)	Shri Rajendra J Hinduja Managing Director	4	4	Present
3)	Shri Dinesh J Hinduja Executive Director – Production & Marketing	4	3	Present
4)	Shri H.S. Nagaraj#	4	2	Present
5)	Shri K.P. Kumar#	4	4	Absent
6)	Shri Akhilesh Krishna Gupta	4	2	Absent
7)	Shri Richard B Saldanha#	4	4	Present
8)	Shri Mathew Cyriac	4	2	Absent
9)	Shri Prince Asirvatham	4	3	Present
10)	Shri Ranjan Pant*	4	0	Not Applicable
11)	Shri Arun K Thiagarajan \$	4	NA	Not Applicable
12)	Shri J H Mehta \$	4	NA	Not Applicable

Shri H.S. Nagaraj, Shri K.P. Kumar and Shri Richard B Saldanha resigned on November 11, 2008, February 09, 2009 and March 16, 2009 respectively.

\$ Shri Arun K Thiagarajan and Shri J H Mehta were appointed as Additional Directors on February 01, 2009 and February 24, 2009 respectively.

* Shri Ranjan Pant was appointed as Additional Director on October 31, 2008 and subsequently resigned on May 05, 2009

(b) Availability of Information to the Members of the Board

The Board has complete access to any information within the Company and to any of our employees. The information supplied to the Board meetings include:

- Minutes of Audit and shareholders grievances redressal committees, as well as abstracts of circular resolutions passed.
- General Notice of interest of directors.
- Annual / quarterly budgets, capital budgets and updates.
- Quarterly / half yearly / annual financial results.
- Dividend data.
- Materially important litigations, show cause notices, demand, prosecution and penalty notices.
- Details of any joint venture, acquisitions of companies or collaboration agreements.
- Utilization of IPO proceeds.
- Details of foreign exchange exposure and the steps taken by the management to limit the risks of adverse exchange rate movement.
- Non compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non payment of dividend or delays.
- Information on recruitment of senior officers just below the Board level.

(c) Materially significant related party transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its directors, management, subsidiaries or relatives of directors, except for those disclosed in the financial statements for the year ended March 31, 2009.

CORPORATE GOVERNANCE REPORT

(d) Annual disclosure of directors' interest as required under section 299 of the Companies Act 1956

Directors have furnished Notice of Disclosure of interest as required under section 299(1) of the Companies Act, 1956 for the year 2009-10. Any changes in their directorships / interest during the year would be disclosed to the Board as when such change occurs. The Company maintains Register of Contracts, Companies and Firms in which Directors are interested as provided under section 301(1) of the Companies Act, 1956.

(e) Executive Directors Remuneration

Figures in Rs.

Name of the Director	Fixed Salary			Commission	Total	Tenure
	Basic Salary	Perqui-sites/ Allowances	Total fixed salary (drawn)			
Madanlal J Hinduja	37,04,922	-	37,04,922	-	37,04,922	Upto March 31, 2009
Rajendra J Hinduja	37,12,572	-	37,12,572	-	37,12,572	Upto March 31, 2009
Dinesh J Hinduja	37,12,572	-	37,12,572	-	37,12,572	Upto March 31, 2009

The terms and conditions of the executive directors' appointment and remuneration are governed by the resolutions passed by the shareholders for their respective appointment. The company has not entered into separate agreements for the contract of service with the executive directors.

(f) Independent Directors' remuneration

Independent Directors are entitled to sitting fee only and are not entitled to any other remuneration. During the financial year 2008-09, the company paid sitting fee as follows:

Figures in Rs.

Name of the Director	Board Meeting	Audit Committee Meeting	Shareholders' Grievances Redressal Committee Meeting	Total
K P Kumar	40,000	40,000	20,000	1,00,000
H S Nagaraj	20,000	20,000	10,000	50,000
Prince Asirvatham	30,000	30,000	-	60,000
Total				2,10,000

(C) Board Committees

Presently, the Board has three committees: the Audit Committee, the Shareholders Grievances Redressal Committee and Remuneration Committee. The Audit Committee consists of entirely of independent directors whereas Shareholders Grievances Redressal Committee consists of three executive directors and one non-executive independent director and The Remuneration Committee consists of two non-executive independent directors. Normally, the Audit Committees meet four times in a year, once in each quarter, Shareholders Grievances Redressal Committee meet twice in a year and Remuneration Committee as required by companies Act, 1956. The minutes of these committees' meetings are submitted to the Board for approval/confirmation.

(i) Audit Committee

The Audit Committee currently comprises solely of 3 independent directors, namely:

Shri Prince Asirvatham, Chairman
Shri Arun K Thiagarajan
Shri J H Mehta

The Managing Director, the Statutory Auditors and the Internal Auditors are invitees to the meetings. The Company Secretary is the Secretary to the Audit Committee. Shri Prince Asirvatham, Chairman of the Audit Committee was present and available to answer the shareholders' queries in the last Annual General Meeting held on September 04, 2008.

The Composition of the Audit Committee is in compliance of Clause 49 of the Listing Agreement on Corporate Governance as on March 31, 2009.

CORPORATE GOVERNANCE REPORT

The primary objective of the Audit Committee is to monitor and provide supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting. The Committee oversees the work carried out in the financial reporting process by the management, the internal auditors and the statutory auditors and notes the process and safeguards employed by them.

The principal functions of the committee are:

- ❖ Oversight (supervision, direction and control) of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ❖ Discussion with the Auditors periodically about the internal control systems and the scope of audit including observations of the Auditors.
- ❖ Review of the quarterly, half-yearly and annual financial statements before submission to the Board focusing primarily on:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft report.
 - Significant adjustments arising out of audit.
 - Going concern assumption.
 - Compliance with accounting standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
 - Any related party transactions, transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of company at large.
- ❖ Ensure compliance of internal control systems.
- ❖ Investigation into any of the afore-stated matters or as may be referred to by the Board.
- ❖ Review of the Auditors' Report on the Financial Statements and to seek clarifications thereon, if required, from the Auditors.
- ❖ Review of weaknesses in Internal Controls, if any and make recommendations relating thereto to the Board so as to ensure compliance of internal control systems.
- ❖ To act as a link between the Statutory and the Internal Auditors and the Board of Directors.
- ❖ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- ❖ Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- ❖ Discussion with internal auditors any significant findings and follow up thereon.
- ❖ Any other matter which the Board of Directors may at its discretion assign to the Committee from time to time.

Audit Committee attendance:

Four Audit Committee meetings were held during the financial year 2008-09. These were held on June 09, 2008, July 29, 2008, October 31, 2008 and January 31, 2009.

Name	No. of Meetings Held	Attended
Shri Prince Asirvatham	4	3
Shri K P Kumar*	4	4
Shri H S Nagaraj*	4	2
Shri Arun K Thiagarajan	4	0
Shri J H Mehta	4	0
Shri Ranjan Pant#	4	0

* Shri H S Nagaraj and Shri K P Kumar resigned on November 11, 2008 and February 09, 2009 respectively.

CORPORATE GOVERNANCE REPORT

Shri Ranjan Pant was appointed as Additional Director on October 31, 2008 and subsequently resigned on May 05, 2009. Shri Prince Asirvatham was the Chairman of the Audit Committee was present at the Annual General Meeting held on September 04, 2008.

(ii) Shareholders Grievances Redressal Committee:

The Shareholders Grievances Redressal Committee is headed by an independent director and consists of the following directors:

Sl No.	Name of Director	Designation
1.	Shri Arun K Thiagarajan*	Chairman
2.	Shri Madanlal J Hinduja	Member
3.	Shri Rajendra J Hinduja	Member
4.	Shri Dinesh J Hinduja	Member

* Shri. Arun K Thiagarajan joined the committee on February 24, 2009

Shri. Bimlendu Kumar, Company Secretary is the Compliance Officer for the Company.

The Committee has the mandate to review and redress the shareholder grievances viz. non-receipt of refund orders, transfer and transmission of shares, non-receipt of annual reports, non-receipt of declared dividends etc.

Two Shareholders' Grievances Redressal Committee meetings were held during the financial year 2008-09 on July 29, 2008 and January 31, 2009.

Name	No. of Meetings Held	Attended
Shri K P Kumar	2	2
Shri H S Nagaraj	2	1
Shri Arun K Thiagarajan	2	NA
Shri Madanlal J Hinduja	2	2
Shri Rajendra J Hinduja	2	2
Shri Dinesh J Hinduja	2	2

The following table shows the nature of complaints / correspondence received from the shareholders / investors during the financial year 2008-09 all of which have been resolved and at the end of year, there were no complaints pending unresolved/ unattended as on March 31, 2009:

Nature of Complaint/correspondence	Received	Resolved	Pending
Non-receipt of dividend warrants	6	6	0
Non-receipt of Annual Report	3	3	0
Non-receipt of refund orders	2	2	0
Non-credit of securities/electronic credit of shares	2	2	0
TOTAL	13	13	0

(iii) Remuneration Committee:

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

(D) Annual General Meetings

Location, time and date where last three Annual General Meetings of the company were held are given below:

Financial Year	Day, date & Time	Location
2005-06	Thursday, August 17, 2006 10.30 A.M	Hotel Grand Ashok, Kumara Krupa Road, High Grounds, Bangalore – 560 001
2006-07	Friday, August 17, 2007 10.30 A.M	Hotel Grand Ashok, Kumara Krupa Road, High Grounds, Bangalore – 560 001
2007-08	Thursday, September 04, 2008 10.30 A.M	The Atria Hotel, No. 1, Palace Road, Bangalore – 560 001

CORPORATE GOVERNANCE REPORT

The following special resolutions were passed by the members during the above Annual General Meetings:

Annual General Meeting held on August 17, 2006:

- ❖ Increase of borrowing powers to the Board
- ❖ Appointment of Shri. Gaurav D Hinduja as Chief Operating Officer – Marketing of the company

Annual General Meeting held on August 17, 2007:

- ❖ Reappointment of Shri Vivek M Hinduja as Chief Operating Officer – Marketing of the company
- ❖ Reappointment of Shri. Ashwin R Hinduja as Chief Operating Officer – Production of the company

Annual General Meeting held on September 04, 2008:

- ❖ No Special Resolution

(E) Postal Ballots

During the previous three financial years, the company had no subjects requiring shareholders' approval through a postal ballot, except the following resolutions are passed through a postal ballot before last AGM and during the financial year 2008-09:

- (1) Alteration of Articles of Association of the Company,
- (2) Appointment of Shri. Rajendra J Hinduja as Managing Director of the company,
- (3) Appointment of Shri. Madanlal J Hinduja as Executive Chairman,
- (4) Reappointment of Shri. Dinesh J Hinduja, Executive Director (Production & Marketing),
- (5) Increase of remuneration to Shri. Vivek M Hinduja, Chief Operating Officer,
- (6) Increase of remuneration to Shri. Ashwin R Hinduja, Chief Operating Officer, &
- (7) Reappointment of Shri. Gaurav D Hinduja as Chief Operating Officer

(F) Auditors' Certificate of Corporate Governance

As required under clause 49 of the Listing Agreement, the Auditors' certificate is given as an annexure to the Directors' Report.

(G) CEO/CFO Certification

As required by clause 49 of the Listing Agreement, the certificate issued by the Chairman / Managing Director on financial statements etc., is provided elsewhere in the Annual Report.

(H) Disclosures

(i) Disclosures on materially significant related party transactions

The related party transactions during the year ended March 31, 2009 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.

(ii) 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 or SEBI or ROC etc., on any matters relating to the capital market since the date of listing of shares on the stock exchanges.

(iii) 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 except composition of Board of Directors as given in Clause 49 I (A) (ii), during the year, from 27th November 2008 to 30th January 2009 and from 9th February 2009 to 24th February 2009 the Audit Committee had two members instead of three as given in 49II (A)(i) and the time gap between the first Audit Committee Meeting in current year and last Audit Committee Meeting in last year is more than four months as given in 49II(B).

CORPORATE GOVERNANCE REPORT

(iv) Compliance with Non-mandatory requirements of Clause 49 of the Listing Agreement

Clause 49 of the Listing Agreement requires the Company to obtain a certificate from either the Auditors or Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in the Clause and attach the certificate with the Directors' Report. We have obtained a certificate to this effect and the same is given in this Annual Report

The Clause further states that the non-mandatory requirements may be implemented as per the Company's discretion. However, the disclosure of compliance of mandatory requirements and non-compliance of non-mandatory requirements shall be made in the section on *Corporate Governance* in the Annual Report. We comply with the following non-mandatory requirement of Corporate Governance:

- ❖ Remuneration Committee

(v) Non-compliance with Non-mandatory requirements of clause 49 of the Listing Agreement

The company has not complied with the following non-mandatory requirements of Clause 49 of the Listing Agreement:

- ❖ The Board
- ❖ Audit qualifications
- ❖ Training of Board Members
- ❖ Mechanism for evaluating non-executive Board Members
- ❖ Whistle Blower Policy
- ❖ Shareholders Rights

(I) Means of Communication

The annual audited financial results, the quarterly / half yearly unaudited financial results are generally published in *The Business Line, 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), Annual Reports etc., are also posted on our website as soon as they are released/ published.

The Company has not made any presentations to analysts.

(J) 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*.

(K) Disclosure regarding appointment / reappointment of directors

According to the Articles of Association, one third of the directors retire by rotation and, if eligible, offer themselves for re-appointment at the Annual General Meeting of shareholders. Accordingly, Shri Madanlal J Hinduja, Shri. Akhilesh Krishna Gupta and Shri. Mathew Cyriac will retire at the ensuing Annual General Meeting. The Board has recommended the re-appointment of all three retiring directors as permanent director and shall not retire by rotation. Further, Shri. Arun K Thiagrajan, and Shri. J H Mehta who were appointed as Additional Directors will be appointed as Directors retire by rotation, as the necessary notice has been received from the shareholders of the Company.

The detailed resumes of the above five retiring directors are provided in the section on *General Shareholder Information*.

(L) Management Discussion & Analysis

The Management Discussion & Analysis is given separately in the Annual Report.

General Shareholders' Information

(i) Annual General Meeting

Day, date and time : Tuesday, September 22, 2009 at 10.30 AM

Venue : The Atria Hotel
No.1, Palace Road,
Bangalore - 560 001

Agenda:

- 1) Adoption of Audited Accounts, Director's & Auditor's Report thereon for the year ended March 31, 2009
- 2) Re-appointment of Shri Madanlal J Hinduja as Permanent Director & Executive Chairman
- 3) Re-appointment of Akhilesh Krishna Gupta as Permanent Director
- 4) Re-appointment of Shri Mathew Cyriac as Permanent Director
- 5) Re-appointment of M/s S.R. Batliboi & Co, Chartered Accountants and M/s. Girish, Murthy & Kumar, Chartered Accountants as Joint Statutory Auditors
- 6) Appointment of Shri Arun K Thiagarajan as Director
- 7) Appointment of Shri J H Mehta as Director
- 8) Re-appointment of Shri Rajendra J Hinduja as Managing Director
- 9) Appointment of Shri Nambi Iyengar Ranga Chary as Director
- 10) Appointment of Shri Partha Sarkar as Director

(ii) The profile of Directors seeking appointment /re-appointment

(a) Shri Madanlal J Hinduja

Shri Madanlal J Hinduja holds a Bachelor Degree in Commerce from the Bangalore University. He has been involved in the business since the Company's inception.

Shri Madanlal J Hinduja is one of the leaders in the Indian apparel export industry. He was awarded the Life time achievement Pioneer Award by the Confederation of Indian Apparel Exporters (CIAe) in 2002.

He provides strategic direction to the Company and is also responsible for sourcing of fabrics. He also provides strategic direction in creating, designing and developing new fabrics by conceiving new and modern innovations in weaving, dyeing and process of fabrics. Presently, Shri Madanlal J Hinduja is Executive Chairman of the Company.

Shri Madanlal J Hinduja holds directorship in the following companies:

- ❖ Vag Exports Private Ltd.
- ❖ JVN Exports Private Ltd.
- ❖ Poly Products Private Ltd.
- ❖ Maze Trading Private Ltd.
- ❖ Rafter Trading Private Ltd.
- ❖ Reflexion Trading Private Ltd.
- ❖ Madhin Trading Private Ltd.
- ❖ Magenta Trading Private Ltd.
- ❖ Deejay Trading Private Ltd.
- ❖ Dazzle Trading Private Ltd.
- ❖ Rishikesh Apparels Private Ltd.
- ❖ All Colour Garments Private Ltd.
- ❖ Vignesh Apparels Private Ltd.
- ❖ Glamourwear Apparels Private Ltd.
- ❖ Seven Hills Clothing Private Ltd.

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- ❖ Rajdin Apparels Private Ltd.
 - ❖ SNS Clothing Private Ltd.
 - ❖ Robot Systems Private Ltd.
 - ❖ Gokaldas Exports Apparel & Textile Park Private Ltd.
 - ❖ Gokaldas Infotek Private Ltd
- Shri Madanlal J Hinduja holds 19,55,600 shares in the Company

(b) Shri Rajendra J Hinduja

Shri Rajendra J Hinduja holds a Bachelor Degree in Engineering from the Bangalore University. He has been involved in the business since the Company's inception.

He is the Chairman of CMAI Karnataka Region & Senior Vice Chairman of the Apparel Export Promotion Council (AEPC) and has been on their Executive Committee for the past two decades. He has also served various committees formed by the Ministry of Textiles, Government of India on export/development projects. He is also on the High power committee of Government of Karnataka since 2003.

He looks after finance, logistics, imports and exports, human resources/personnel and legal matters for the organization. He is also responsible for new projects and initiatives of the Company. Presently, Shri Rajendra J Hinduja is Managing Director of the Company.

Shri Rajendra J Hinduja holds directorship in the following companies:

- ❖ Apparel Export Promotional Council, Delhi
- ❖ Vag Exports Private Ltd.
- ❖ JVN Exports Private Ltd.
- ❖ Poly Products Private Ltd.
- ❖ Rapple Trading Private Ltd.
- ❖ Rafter Trading Private Ltd.
- ❖ Reflexion Trading Private Ltd.
- ❖ Madhin Trading Private Ltd.
- ❖ Magenta Trading Private Ltd.
- ❖ DeeJay Trading Private Ltd.
- ❖ Dazzle Trading Private Ltd.
- ❖ Rishikesh Apparels Private Ltd.
- ❖ All Colour Garments Private Ltd.
- ❖ Vignesh Apparels Private Ltd.
- ❖ Glamourwear Apparels Private Ltd.
- ❖ Seven Hills Clothing Private Ltd.
- ❖ Rajdin Apparels Private Ltd.
- ❖ SNS Clothing Private Ltd.
- ❖ Robot Systems Private Ltd.
- ❖ Gokaldas Exports Apparel & Textile Park Private Ltd.
- ❖ Gokaldas Infotek Private Limited.

Shri Rajendra J Hinduja holds 1955580 shares in the Company

(c) Shri Akhilesh Krishna Gupta

Shri Akhilesh Krishna Gupta holds a Bachelor Degree in Chemical Engineering with distinction from the Indian Institute of Technology, Delhi in 1973 and an MBA from the Graduate School of Business, Stanford University in 1981.

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Shri Gupta is the Senior Managing Director and Chairman of Blackstone India and is based in Mumbai.

Shri Gupta started his career with Hindustan Lever. From 1981 to 1992 he worked in the US, first in consulting with Strategic Planning Associates and ICF in Washington D.C., then as Senior Vice President and Chief Financial Officer of Krauses Sofa and after that as Chief Financial Officer and Chief Operating Officer of Stylus Inc.

Shri Gupta before joining Blackstone, served as CEO – Corporate Development for Reliance Industries Limited and Reliance Infocomm Limited. During Shri Gupta's tenure, the Reliance group was India's largest private sector business house with diversified interests in petrochemicals, energy, power, telecom and financial services. Shri Gupta's efforts at Reliance were focused on developing Reliance's oil & gas, refining and telecom business.

Shri Gupta also holds directorship in the following companies:

1. Blackstone Advisors India Private Limited
2. Blackstone Fund Services Private Limited
3. Emcure Pharmaceuticals Limited
4. Intelenet Global Services Private Limited
5. SKR BPO Services Private Limited
6. Nagarjuna Construction Company Limited
7. MTAR Technologies Private Limited
8. Allcargo Global Logistics Limited
9. CMS Computers Ltd

Shri Gupta is also a member of Audit Committee of Emcure Pharmaceuticals Limited.

Shri Gupta does not hold any shares in the Company.

(d) Shri. Mathew Cyriac

Shri Mathew Cyriac holds a Bachelor Degree in Engineering and an MBA from the Indian Institute of Management, Bangalore. He was awarded the IIMB Gold Medal for graduating at the top of his MBA class.

Shri Mathew Cyriac is a Managing Director in the Corporate Private Equity Group of Blackstone India based in Mumbai.

He has rich experience in the Investment Banking Division of Bank of America in India and in the Engineering Division of Tata Motors. He also served as Head – Corporate Development Strategy of iGate Global Solutions Limited.

He also holds directorships in

1. MTAR Technologies Private Limited,
2. CMS Computers Ltd and
3. All Cargo Global Logistics Limited. He is a member of Audit Committee of MTAR Technologies Private Limited & CMS Computers Ltd.

He does not hold any shares in the Company.

(e) Shri. Arun K Thiagarajan

Shri Arun K Thiagarajan holds a Master Degree in Engineering and has done Advanced Management Program from the Harvard Business School.

Shri Arun K Thiagarajan started his career with ASIA AB Vesteras, Sweden in 1969. He has worked for Flakt India Ltd., Asea Brown Boveri Ltd., Wipro Ltd. and Hewlett Packard India Pvt.Ltd. in various capacities including that of Managing director and President. He has been the chairman of southern Region and Karnataka State committee of the confederation of Indian Industry (CII). He was also the Chairman of CII National Committee on IT and Quality.

Shri Arun K Thiagarajan also holds directorship in the following companies:

1. GMR Infrastructure Ltd
2. ING Vysya Bank Limited
3. Alstom Projects India Limited
4. Krone Communications Limited
5. PSI Data Systems Limited

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6. IDEA Cellular Limited
7. Cable Corporation of India Limited
8. TTK Prestige Limited
9. GMR Energy Limited
10. Birla Technologies Limited
11. Aditya Birla Minacs Worldwide Limited
12. Citec Engineering India Private Limited
13. Citec Information India Private Limited
14. Techset Composition India Private Limited
15. Fowler Westrup (India) Private Limited
16. Westrup A/S

He does not hold any shares in the company.

(f) Shri. J H Mehta

Shri J H Mehta holds a Bachelor Degree in Commerce and an MBA from the Indian Institute of Management, Ahmedabad. He has also done the advance Management Programme from Wharton School. He was awarded two gold medals for academic excellence.

Shri J H Mehta worked for Hindustan Unilever Ltd. from 1974 to 2005. He has handled a variety of businesses as a profit centre head and his last assignment was executive director for the ice creams business for South Asia. In 2000, he was elevated to the management committee of HUL. He worked as President of Spencer's retail from 2005-2007 where he played a leading role in defining the brand and business strategy, building an organisation for rapid growth and steering exponential expansion in multiple formats.

He has joined Katra Group in 2007 as President and member of their global advisory board and leads their diverse businesses.

Shri J H Mehta also holds directorship in the following companies:

1. Kerala Ayurveda Limited
2. Ayurvedagram Heritage Wellness Centre Private Limited
3. Tag Media Network Private Limited
4. Global Agri System Private Limited

He does not hold any shares in the Company.

(iii) Financial Calendar

Indicative calendar of events for the financial year 2009-10 excluding Extraordinary General Meetings, if any, is as under:

First Quarter Financial Results (June 2009)	July 28, 2009
Annual General Meeting	September 04, 2009
Second Quarter Financial Results (September 2009)	October, 2009
Third Quarter Financial Results (December 2009)	January 2010
Fourth Quarter / Audited Financial Results (March 2010)	May/June 2010

(iv) Book Closure

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of payment of dividend from September 01, 2009 to September 04, 2009 (both days inclusive).

(v) Dividend

The Board has not recommended any dividend for the financial year 2008-09.

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(vi) Listing on Stock Exchanges

The Company's equity shares are listed at the following Stock Exchanges located at :	Addresses of the Stock Exchanges
Bombay Stock Exchange Limited (BSE)	Bombay Stock Exchange Ltd Phiroze Jeejeebhoy Towers, Dalal Street MUMBAI - 400 001, Maharashtra Phones: 91- 22 – 22721233 / 22721234 Fax: 91- 22 – 22723677 / 22722082
National Stock Exchange of India Limited (NSE)	National Stock Exchange of India Ltd Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (E) MUMBAI – 400 051, Maharashtra Phones: 91 – 22 – 26538100/56418100 Fax: 91 – 22 – 26598237 / 38, 26598120
The Stock Code of the Company is	BSE – 532630 NSE – GOKEX
The ISIN No for the Company's Equity Shares in Demat form	INE 887G01019
Depository Connectivity	NSDL and CDSL

(vii) Listing Fee

Paid for all the above exchanges for the year 2009-10

(viii) Registered Office

No. 70, Mission Road, Bangalore – 560027
Karnataka, India
Phones: 91 – 80 – 22223600 / 1 / 2 / 41272200
Fax: 91 – 80 – 22274869 / 22277497
Email: gokex@vsnl.com
investorcare@gokaldasexports.com

(ix) Corporate Identification Number

L18101KA2004PLC033475

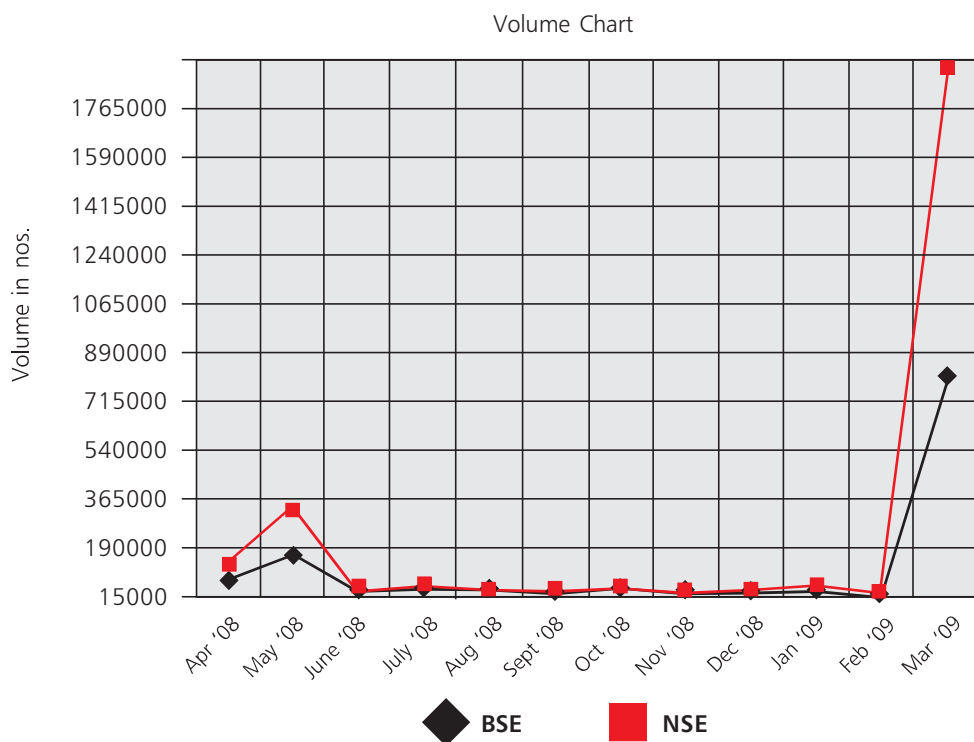
CORPORATE GOVERNANCE REPORT

(x) Stock Market Data

(a) Monthly high and low quotations along with volume of shares traded at BSE and NSE for 2008-09 are:

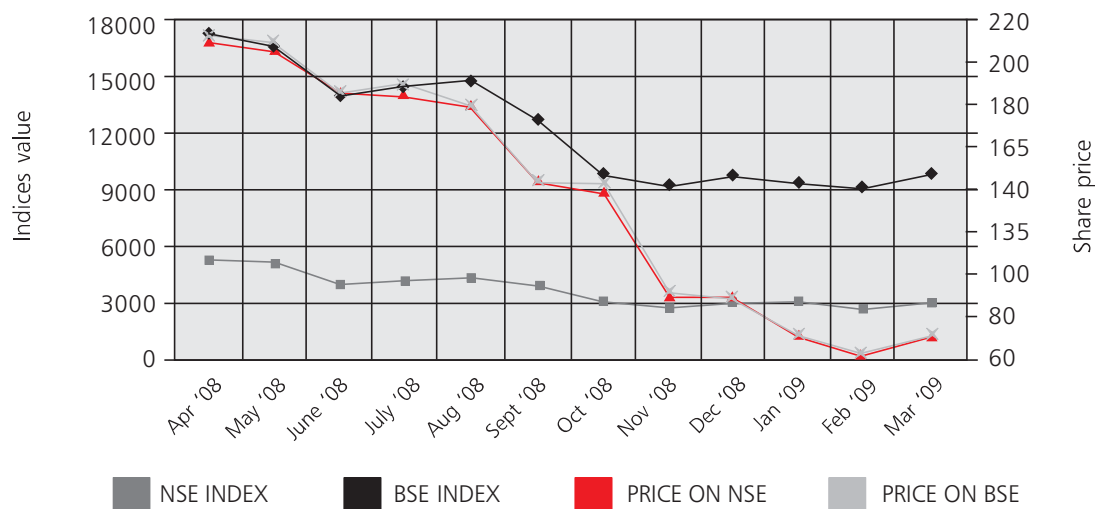
Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
April 2008	235.00	178.05	24281	240.15	179.05	96121
May 2008	248.80	200.25	172704	246.30	201.20	318301
June 2008	220.00	173.00	16833	207.95	178.00	25263
July 2008	199.75	154.00	31301	202.85	160.15	32449
August 2008	226.40	175.10	35213	219.90	172.00	24596
September 2008	189.85	132.00	14710	195.85	141.00	28773
October 2008	157.90	90.00	42313	162.40	90.00	35813
November 2008	155.00	92.75	25122	163.00	92.15	27442
December 2008	99.40	85.55	19370	98.50	85.10	31293
January 2009	94.00	66.30	31261	92.95	65.15	48674
February 2009	78.90	63.10	25045	77.95	60.05	28454
March 2009	93.80	42.50	801674	94.8	42.20	1874827

(b) Graphical representation of volume of shares traded during April 2008 – March 2009



CORPORATE GOVERNANCE REPORT

(c) Comparison of broad based indices with share price of Gokaldas Exports Limited



(d) Market Capitalization

The market capitalization of the company as on March 31, 2009 is Rs.26022.63 lakhs on Bombay Stock Exchange (BSE) and Rs.26211.7 lakhs on National Stock Exchange (NSE).

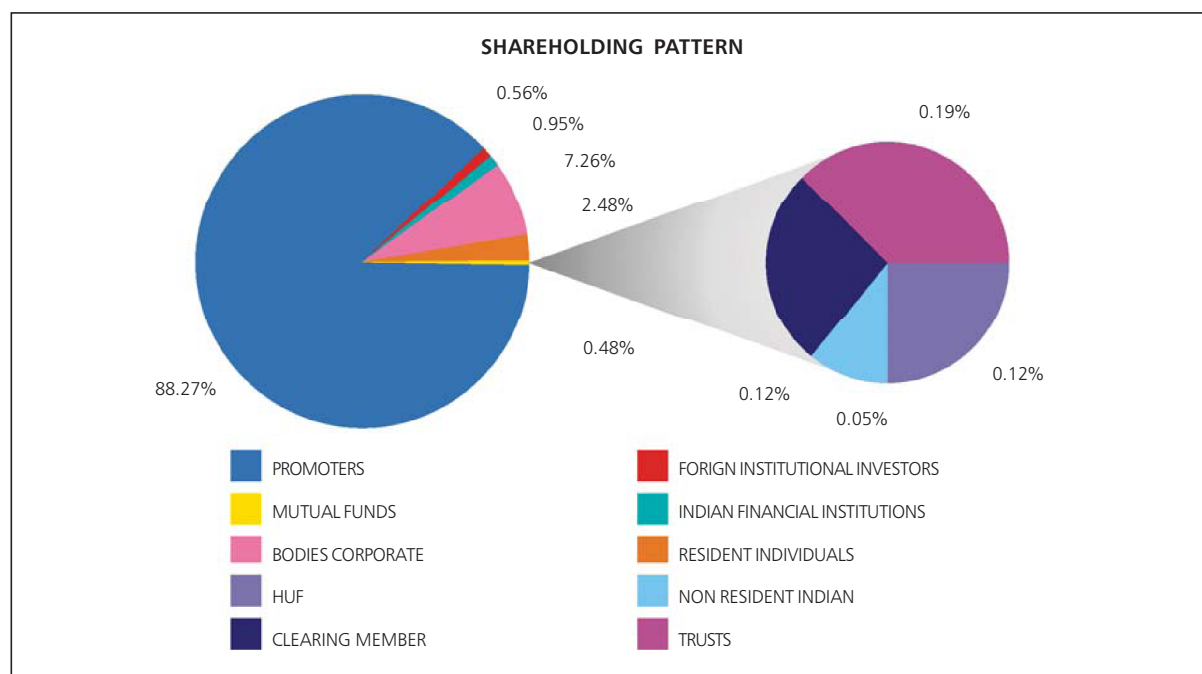
(xi) Shareholding Pattern

Equity Shares of Rs. 5/- each

	As on 31.03.2009		As on 31.03.2008	
Shareholders	No. of Shares	%	No. of Shares	%
Promoters	30344444	88.27	30,209,444	87.88
Resident Individuals	852009	2.48	795,027	2.31
Mutual Funds	25644	0.07	25,720	0.08
Bodies Corporate	2496305	7.26	2,570,925	7.48
Foreign Institutional Investors	193134	0.56	336,769	0.98
Indian Financial Institutions	299484	0.87	299,484	0.87
HUF	41255	0.12	28,425	0.08
Non resident Indians	18504	0.05	21,069	0.06
Clearing Members	40206	0.12	4,122	0.01
Trusts	65015	0.19	85,015	0.25
Total	34376000	100.00	34,376,000	100.00

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Shareholding pattern – Graphical representation



Names of shareholders holding more than 1% with number of shares as on 31st March 2009

Sl. No	Name	Shareholding	% of shareholding
1.	Blackstone FP Capital Partners (Mauritus) V-B Subsidiary Limited	23469242	68.27
2.	Vinamra Universal Traders Pvt., Ltd.	2283459	6.64
3.	Dinesh J Hinduja	2145580	6.24
4.	Madanlal J Hinduja	1955600	5.69
5.	Rajendra J Hinduja	1955580	5.69
6.	Ashwin R Hinduja	377596	1.1
7.	Vivek M Hinduja	377576	1.1

(xii) Distribution of Shareholding:

Category (Amount)	As on 31.03.2009			As on 31.03.2008		
	No. of shareholders	% of shareholders	No. of shares	No. of shareholders	% of shareholders	No. of shares
1 - 5000	12,049	98.95	732,207	12,171	99.21	716,175
5001 – 10,000	57	0.47	83,546	48	0.39	69,825
10,001 – 20,000	36	0.30	104,983	20	0.16	61,191
20,001 – 30,000	7	0.06	36,422	5	0.04	25,301
30,001 – 40,000	5	0.04	36,588	2	0.02	14,886
40,001 – 50,000	3	0.02	28,037	1	0.01	10,000
50,001 – 1,00,000	5	0.04	70,787	4	0.03	53,899
1,00,001 – and above	15	0.12	33,283,430	17	0.14	33,424,723
TOTAL	12,268	100.00	34,376,000	12,268	100.00	34,376,000

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(xii) Share Transfer Process

The Company's shares being in compulsory demat form are transferable through the depository system. The shares in physical form are processed by the Registrar and Transfer Agents and approved by the Shareholders' Grievances Redressal Committee.

(xiv) GDR/ADR/Stock Option

The Company has not issued any capital through a GDR/ADR or any convertible instruments or stock options.

(xv) Dematerialization of Shares

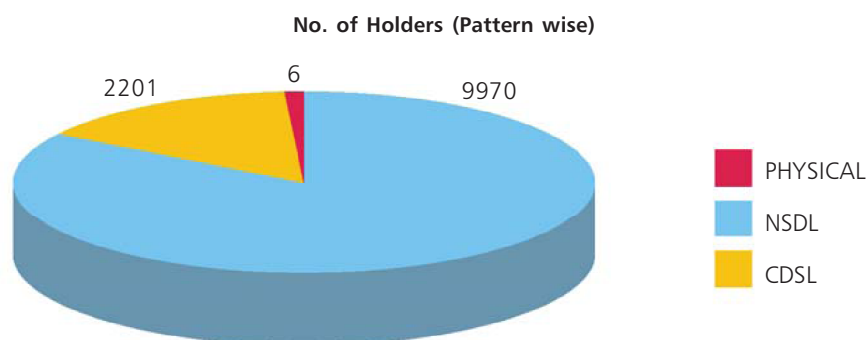
The equity shares of the company are available under dematerialized form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Trading of the Company's shares for all investors is compulsorily carried out in Dematerialized form.

Shares dematerialized as on March 31, 2009 are:

No. of Shares	% of shares	No. of shareholders	% of shareholders
34375930	99.99	12177	99.95

Consolidated Shareholding Pattern as on March 31, 2009:

S. No.	Category	No. of Shareholders	Total Shares	% to Equity
1.	Physical	6	70	0.00
2.	NSDL	9,970	3,41,20,450	99.26
3.	CDSL	2,201	2,55,480	0.74
	TOTAL	12,177	3,43,76,000	100.00



(xvi) Unclaimed dividend

The dividend for the year 2004-05, 2005-06, 2006-07 & 2007-08, which had remained unclaimed by the shareholders, have been requested to be claimed immediately. The dividend which remains unclaimed for seven years will be transferred to Investor Education and Protection Fund established by the Central Government as required under section 205C of the Companies Act, 1956.

(xvii) Unclaimed dividend

As per Listing Agreement we are in process of transfer of all unclaimed share to suspense demat account, Any corporate benefit in terms of securities, accruing on unclaimed shares such as bonus shares, split e.t.c shall also be credited to such account. The allottee's account shall be credited as and when he/she approaches the issuer after proper verification and the voting rights to these shares will remain frozen till the rightful owner claims the shares. The detail of unclaimed shares is as follow:

SI No.	NAME	SHARES
1	DIPANKAR BANERJEE	30
2	PREM SHANKER SHARMA	30
3	BHAVNA JAGDISH KUMAR PANCHAL	30
4	YESHABEN K PATEL	30

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5	POONAM BHATI	30
6	SAMPAT DEVI KHANDERA	30
7	MAMTA DINESHBHAI PATEL	30
8	NITIN AMBALAL PATEL	30
9	VIJAYKUMAR M JAKKANI	30
10	KISHAN GOPAL MAHESHWARI	30
11	KASHYAP VARANASI	30
12	KANTILAL D JAIN HUF	30
13	SHIMLA DEVI BHATIA	30
14	REENA MUKESHBHAI PATEL	30
15	CHIRAG A SHAIKH	30
Total		450

(xviii) ECS Mandate

To service the Investors better, the Company requests all shareholders who hold shares in dematerialized form to update their bank particulars with their respective depositories immediately. Shareholders holding shares in the physical form may kindly forward the bank particulars to our Registrar.

(xix) Plant locations

Sl. No.	Address	Sl. No.	Address
1.	Hinduja Sports Wear I, No. 73/19/5, Industrial Suburb Yeshwanthpur, Bangalore – 560 022	14.	New Generation Apparels - I, No.28E, Peenya, II Phase, Yeshwanthpur, Bangalore
2.	Hinduja Sports Wear II, No. 72/73, Industrial Suburb Yeshwanthpur, Bangalore – 560 022	15.	Luckytex17/A-39/5-1, Industrial Area, Yeshwanthpur, Bangalore
3.	Hinduja Processing & Finishing Unit, No.3, 5 th Cross, Mysore Road, Bangalore – 560 026	16.	Luckytex III, No.19/A, Industrial Suburb, 3 rd Main Road, II Stage, Goruguntapalya, Tumkur Road, Bangalore – 560 022
4.	Hinduja Fashions, No.76, Industrial Suburb Yeshwanthpur, Bangalore – 560 022	17.	Triangle Apparels II, No.106/5-9, Arabic College Post, Bangalore – 560 045
5.	International Clothing Company II & III, No.113, Hongasandra Village, Begur Hobli, Bangalore – 560 068	18.	Triangle Apparels III, No. 664, 665, 1001 & 290/A Nagavara Village, Kasaba Hobli, Bangalore
6.	International Clothing Company IV, No.180/1, Yellakunte, Begur Hobli, Hosur Road, Bangalore	19.	Triangle Apparels V, No.3117A, 5 th Main, Industrial Suburb, Yeshwanthpur, Bangalore
7.	International Clothing Company IV, No.12, 'A' Block, 7 th Mile Near Bhandary Factory, Hosur Road, Bangalore	20.	Wearwel I, II & III, No 4, 5 & 6, Okalipuram, Bangalore
8.	New Generation Apparels - II, No. 251-A2, Bommasandra Industrial Area, Bangalore	21.	Wear Craft Apparels - III, No.17/A-39/5-2, Industrial Area Yeshwanthpur, Bangalore
9.	JD Clothing Company I, II & III, No.9, Industrial Suburb Rajaji Nagar, Bangalore – 560 010	22.	Global Garments II, No. 46/3-B, Garvebhavi Palya, 8 th Mile, Hosur Road, Bangalore
10.	Carnival Clothing II & III, Govindapuram Main Road, Nagawara, Bangalore – 560 045	23.	The Unique Creations, No.28, Industrial Suburb, II Stage Tumkur Main Road, Bangalore
11.	Intex I, No.31, Magadi Road, Bangalore – 560 079	24.	Atlantic Apparels I, No. 46/3-B, Garvebhavi Palya, 8 th Mile, Hosur Road, Bangalore
12.	Triangle Apparels I, No. 804/75, 7 th Ward Jayapura Road Tumkur – 572 101	25.	Chennai SEZ Division, No.6/1, II Phase, MEPZ, Tambaram, Chennai
13.	Intex V, No.1, 1 st A Cross, Kamakshipalya Magadi Road, Bangalore – 560 079	26.	Gokaldas Exports R&D I, No.78, Mission Road, Bangalore – 560 027
		27.	Gokaldas Exports R&D II, No.10, Mission Road, Bangalore – 560 027
		28.	Global Garments I, No.17/1-38/4, Industrial Suburb, Yeshwanthpur, Bangalore – 560 022

CORPORATE GOVERNANCE REPORT

Sl. No.	Address	Sl. No.	Address
29.	Gokaldas Exports R&D IV, No.39/2, II Main Road, CKC Garden, Bangalore	36.	Atlantic Apparels II, Plot No.28 D & E, Belawadi Industrial Area, Mysore – 570 018
30.	Venkateswara Clothing Company I, No.29, Yelahanka Industrial Estate Yelahanka, Bangalore – 560 064	37.	Triangle Apparels VI, No.25 & 26, 3rd Main, 2nd cross, Industrial Suburb, Yeshwantpur, Bangalore – 560 022
31.	Euro Clothing I, II & III, No.122/1, Doddabidarukallu Village, Yeshwantpur Hobli, Bangalore – 560 077	38.	Dress Master Suits, No.77, 3rd stage, Peenya Industrial Area, Bangalore
32.	Intex II, III & IV, No.25 & 26, 3rd Main, 2nd cross, Industrial Suburb, Yeshwantpur, Bangalore – 560 022	39.	Global Garments III Annexe, No.40/2, 2-1 & 2-3, 1st main, Industrial Suburb, Yeshwantpur, Bangalore – 560 022
33.	Wearcraft Apparels I & II, No. 17/A, Industrial Suburb Yeshwantpur, Bangalore	40.	Indigo Blues, No.2, KIADB, Bashetti halli, Doddaballapur
34.	Venkateswara Clothing Company I, No.10, KHB Colony, New Satellite Town, Yelahanka, Bangalore – 560 064	41.	Gokaldas India 218-8/218-C, 2nd phase, Peenya Industrial Area Bangalore
35.	Sri Krishna Industries No.25 & 26, 3rd Main, 2nd cross, Industrial Suburb, Yeshwantpur, Bangalore – 560 022	42.	Balaji Finishing House I & II, No.60, II stage, Indl Suburb, Yeshwantpur, Bangalore – 560 022

(xx) The Company and Registrar and Transfer Agent's Address for Correspondence

Company:

For all shares / dividend related queries:

Company Secretary
Gokaldas Exports Limited
No.70, Mission Road
Bangalore – 560027
Phones: 91-80-22223600 / 1 / 2 / 41272200
Fax : 91-80- 22274869 / 22277497
Email: cs@gokaldasexports.com; investorcare@gokaldasexports.com
Website: www.gokaldasexports.com

For queries relating to financials:

General Manager – Finance
Gokaldas Exports Limited
No.70, Mission Road
Bangalore – 560027
Phones: 91-80-22223600 / 1 / 2 / 41272200
Fax : 91-80- 22274869 / 22277497
Email: snr@gokaldasexports.com
Website: www.gokaldasexports.com

Registrar and Transfer Agent:

Shri K Sreedharamurthy, Senior Manager
Karvy Computershare Private Limited
(Unit: Gokaldas Exports Limited)
"Karvy House", 46, Avenue 4
Street No. 1, Banjara Hills
Hyderabad - 500 034
Phones: 91-40-23312454 / 23320751 / 752
Fax: 91-40-23311968
E mail: sreedharamurthy@karvy.com

CORPORATE GOVERNANCE REPORT

CEO'S CERTIFICATION

The Board of Gokaldas Exports Limited has laid down a code of conduct for all the Board members and the senior management. The Code of Conduct has been posted in Uniform Resource Locator (URL) namely, www.gokaldasexports.com. All the Board members and the Senior Management personnel have affirmed compliance of the Code.

Place : Bangalore
Date: May 28, 2009

Madanlal J Hinduja
Chairman

CEO AND CFO CERTIFICATION

We, Madanlal J Hinduja, Chairman and Rajendra J Hinduja, Managing Director of Gokaldas Exports Limited, to the best of knowledge and belief, certify that:

- a. We have reviewed Balance Sheet and Profit and Loss Account (consolidated and stand-alone), and all the schedules and notes on accounts, as well as the cash flow statements, and the directors' report;
- b. Based on our knowledge and information, these statements :
 - i. do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- c. Based on our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- d. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps we have taken or propose to take to rectify these deficiencies.
- e. We have indicated to the auditors and the Audit committee
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Bangalore
May 28, 2009

Madanlal J Hinduja
Chairman

Rajendra J Hinduja
Managing Director

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, 2009, 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, subject to the following observations:

- (i) *During the whole year the Company did not have at least half of its Board members as independent directors. Accordingly, the Company is not in compliance with sub clause I (A) (ii) in clause 49 of Listing Agreement.*
- (ii) *For the period Nov 27, 2008 to January 30, 2009 and February 10, 2009 to February 23, 2009 the Audit Committee had only two directors instead of minimum three directors. Accordingly, the Company is not in compliance with sub clause II (A) (i) in clause 49 of Listing Agreement.*
- (iii) *The first audit committee meeting for the current year held on 9 June, 2008 was not conducted within a period of four months from the date of the previous audit committee meeting, Accordingly the Company is not in compliance with sub clause II (B) in clause 49 of 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 S. R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.: 57828

Place : Bangalore
Date : May 28, 2009

For Girish Murthy & Kumar
Chartered Accountants

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

Place : Bangalore
Date : May 28, 2009

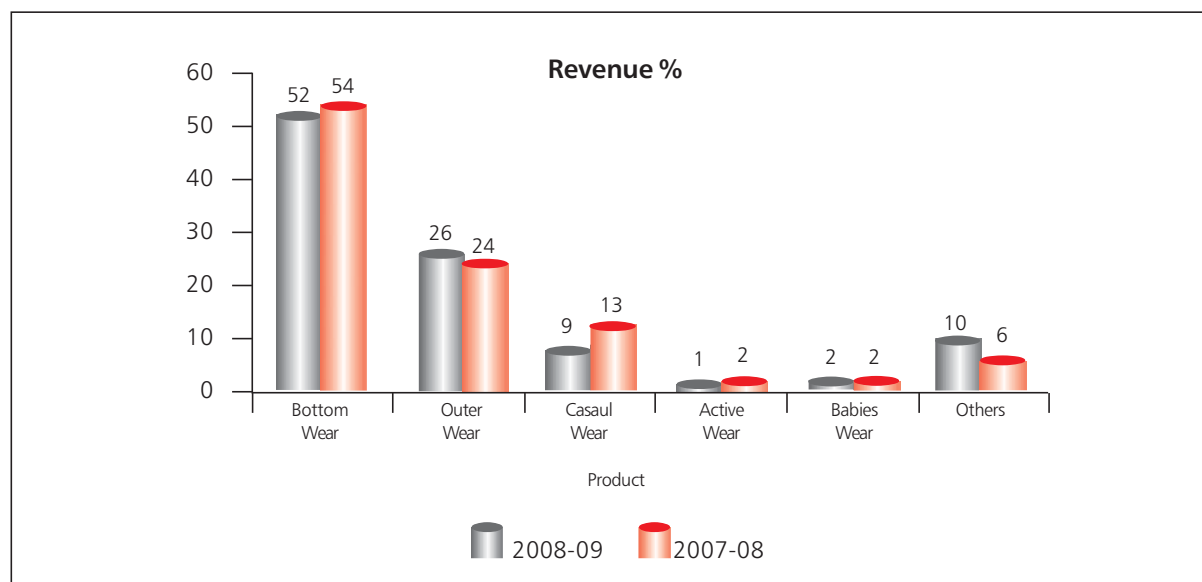
MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Gokaldas Exports Limited (GEL) is the largest and one of the leading exporter of apparel in India having worldwide presence with established manufacturing, marketing and research capabilities and is a ISO 9001:2002 certified company. GEL is vertically integrated with a presence across the apparel and textile products. GEL has more than 46 factories spread in 45 locations in Bangalore, Chennai, Mysore and Tumkur manufacturing more than 2.5 million garments per month.

The principal products that GEL produces are outer wear and bottom wear. Outerwear includes both sports wear and winter wear and bottom wear include casual pants, chinos, linen trousers, denim jeans etc. The following pie graph depicts the product mix for the year 2008-09:

Graphical representation of product mix



Industry Structure and Developments

The ongoing global crisis has hit Indian textile exporters hard. India's textile industry is the second largest in the world, next only to China, with annual shipments of USD 20 billion (it was targeted at USD 25 billion but suffered due to the economy meltdown in the developed countries) and a work force of 20 Million people.

The global recession has significantly lowered the demand from the United States and the European Union. The US demand has declined by more than three percent while the EU's imports have stagnated. India has witnessed the impact of slowdown in these markets even when Bangladesh and Vietnam are recording growth. Reeling under the impact of the global recession, Indian textile and clothing industry is looking for effective but non-cosmetic, medium term policy support. The shrinking T & C exports from India, particularly to major markets like USA, EU and Japan and falling unit value realization, have been posing a survival test to several leading units.

The sagging textile industry awaits the much needed intervention by the government with a slew of measures which can restore the confidence of the industry to meet the growing challenges of global slowdown. Although the government brought out two stimulus packages to the highly employment intensive export segments, these were piece meal and ineffective for the textile and clothing industry.

Contrary to our expectations of 15% growth in exports, our exports are feared to fall by 3% in 2008-09, owing to a drastic fall in demand from the US and the EU markets. Even in the domestic market, against the growth of 10%, we expect to see a mere 2-3% growth in the current fiscal owing to lack of consumer confidence in the current economic crisis.

Opportunities and Threats

India seems to benefit due to raw material, design skills and skilled labour advantages. India is the world's second largest producer of cotton, second largest producer of cotton yarn, third largest exporter of cotton fabric and fourth largest exporter of synthetic fabric. With the establishment of training institutions like National Institute of Fashion Technology (NIFT), many high quality designers, who are able to create modern designs and interact with the buyers, are emerging. This is a distinctive advantage that Indian companies have, and not yet exploited.

MANAGEMENT DISCUSSION AND ANALYSIS

The U.S. and EU markets constitute 86% of our company's exports and the slow down in these markets have impacted our exports in a significant way. Consumers in these major markets also seem to have shifted towards cheaper products and therefore more economic sources of supply. Countries which are able to supply cheaper goods have therefore been less affected. Several of the leading manufacturing countries have taken various steps to mitigate the hardship faced by their respective garment industries.

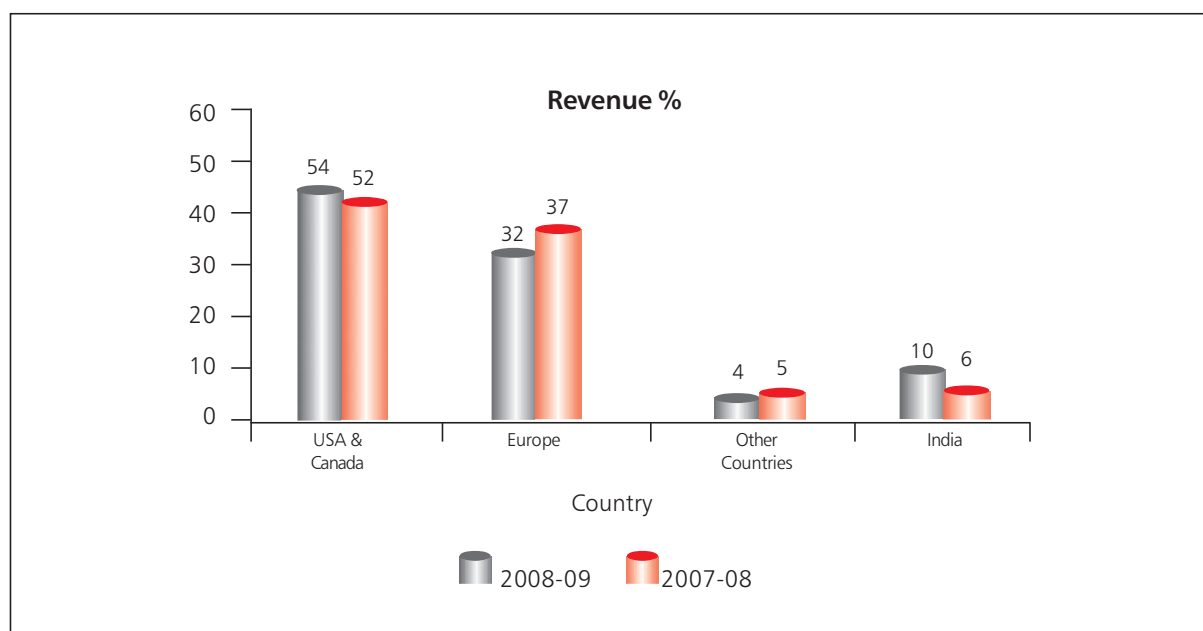
Operating Results / Financial Highlights

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.

During the year, the Company has achieved a revenue of Rs. 1,17,494.20 lakhs, out of which 85.52 % is in the form of foreign exchange. Profit before tax was at Rs 345.00 lakhs and net profit after tax stood at Rs. 336.48 lakhs.

The lower net profit margin is due to hedging of Foreign Currency and forex loss of Rs.70 Crores. However, the EBITDA registered a growth of 30% and stood at Rs.154 Crores. During 2008-09, USA & Canada dominated with a share of 54% of total turnover and Europe stood in the second with 32%.

Graphical representation of revenues from various geographical locations / countries:



Some of the key performance indications are given below :

Particulars	(Rs. in lakhs)	
	2009	2008
Gross revenue	1,17,494.20	1,07,058.91
Profit before tax (PBT)	345.00	5,120.37
Ratio of PBT to Gross revenue (%)	0.29%	4.78%
Profit After Tax (PAT)	336.48	4,760.87
Ratio of PAT to Gross revenue	0.29%	4.45%
Earnings Per Share (EPS) (Rs.)	0.98	13.85

MANAGEMENT DISCUSSION AND ANALYSIS

Risks and Concerns

We are exposed to foreign currency risk. The company is an export oriented apparel manufacturer and approx. 90% of its revenue comes as foreign currency. Since the buyers compare our products with that of competitors in USD denominated rate, appreciation of Indian rupee vis-à-vis USD would weaken our competitive position and similarly, our profits would depend on the Indian rupee appreciation/depreciation. Since the Company is Bangalore based and most of the factories/units are located in and around Bangalore, if there is any localized social unrest, break down of services and utilities, it may affect the business and consequently its revenues. To minimize the locational risks, the Company set up factories / units in Chennai, Mysore and Tumkur.

The Government of India has instituted several policies to promote the growth and these include interest rate subsidies, duty/tax reimbursement schemes etc. Withdrawal/ termination of any of these policies / schemes may adversely impact the profitability of the Company. Also wage costs in India have been significantly lower than the wage costs in the developed countries for skilled professionals in the textile industry, which has been our competitive strength. Wage increase in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins.

However, the Company has put in place a Risk Management Document which has the objective to create awareness about various risks associated with the business of the Company. It defines the risk policies, lays out the risk strategies and methodology to decide on the risk taking ability of the Company. The risk management process involves risk identification, risk measurement, risk prioritization, risk monitoring, risk escalation and risk mitigation. The Audit Committee and Board have approved this risk management document during last fiscal.

Internal Control Systems and their adequacy

The Company is committed to maintaining an effective system of internal control for facilitating 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 department 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 appointed independent internal auditors, who would monitor and review all transactions independently to get higher level of efficiency and would report directly to the Audit Committee, which consists of entirely independent directors, on quarterly basis. The Internal Auditors conducts audit all key business areas as per the 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 would be reviewed by the Board for its suggestions/recommendations to further improve the internal control systems.

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

Human Resources / Industrial Relations

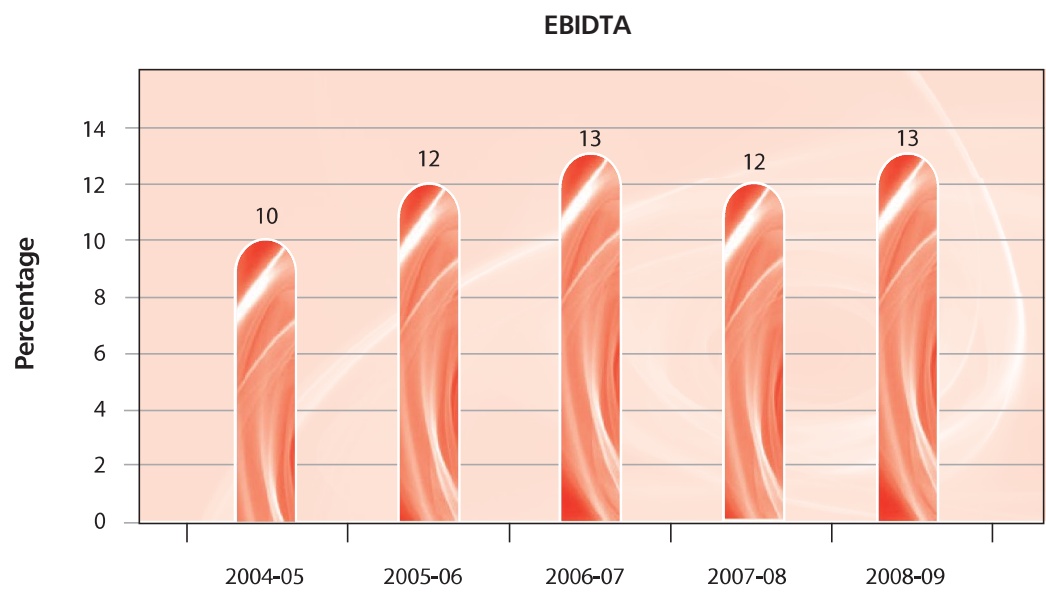
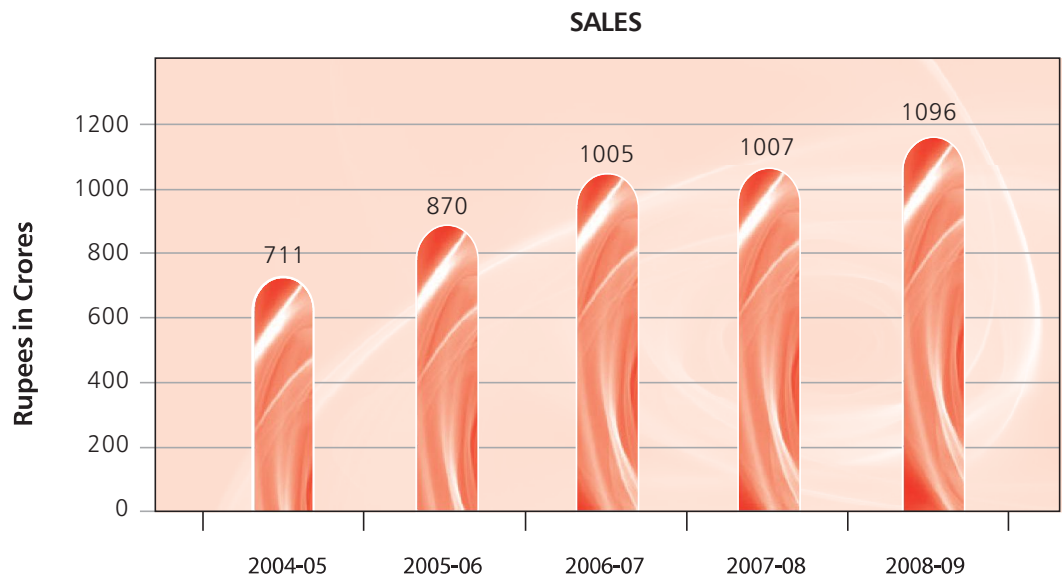
The Company believes that its people are a key differentiator, especially in knowledge driven, competitive and global business environment. Adapting work culture to suit the dynamic balancing of people requirements and employee needs is an ongoing process. Fundamental HR processes which enable higher performance orientation, speed, skill and competency development, talent management and human asset refreshal are corner stones for the success of any organization.

As in the past, the industrial relations continued to remain cordial at all factories / units of the Company. The Company has about 37000 employees as on 31st March 2009

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.

FINANCIAL HIGHLIGHTS



FINANCIAL STATEMENTS

For the year ended March 31, 2009

GOKALDAS EXPORTS LIMITED

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, 2009 and also the Profit and Loss account and the 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 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, 2009;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.: 57828

Bangalore
Date: May 28, 2009

For Girish Murthy & Kumar
Chartered Accountants

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

Bangalore
Date: May 28, 2009

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 4 of our report of even date

Re: Gokaldas Exports Limited ('the Company')

- (i) (a) *The Company is in the process of updating the fixed asset records showing full particulars, including quantitative details and situation of fixed assets.*
 - (b) *Read with our comments in the above paragraph, 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. The Company is in the process of reconciling the differences observed on physical verification with the fixed asset records which is yet to be completed.* In the opinion of the management the impact of such discrepancies is not expected to be material.
 - (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) As informed, 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) As informed, 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 adequate internal control system commensurate with the size of the company and nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system 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 Act 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 exceeding 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) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues including investor education and protection fund, or employees' state insurance, provident fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been slight delays in a few cases in deposit of taxes deducted at source.*
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

ANNEXURE TO AUDITORS' REPORT

- (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 the statute	Amount Rs (in lakhs)	Period to which the amount relates Assessment Year	Forum where dispute is pending
Income Tax Act, 1961	12.94	1994-1995	High Court Karnataka

- (x) The Company has no accumulated losses at the end of the financial year and it has not 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 and after considering impact of reschedulement/ waiver by a bank, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
- (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 an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (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 through a public issue during the year.
- (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 course of our audit.

For S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.: 57828

Bangalore
Date: May 28, 2009

For Girish Murthy & Kumar
Chartered Accountants

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

Bangalore
Date: May 28, 2009

BALANCE SHEET AS AT MARCH 31, 2009

Rupees in Lakhs

	Schedules	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	1,718.80	1,718.80
Reserves and Surplus	II	42,577.72	43,415.65
Loan Funds			
Secured Loans	III	36,294.78	34,438.68
Deferred Tax Liability (net)		716.78	737.37
[Refer Note C-10 of Schedule XV]			
Total		81,308.08	80,310.50
APPLICATION OF FUNDS			
Fixed Assets			
	IV		
Gross Block		38,161.89	35,903.00
Less: Accumulated Depreciation		14,623.96	11,276.96
Net Block		23,537.93	24,626.04
Capital work-in-progress including capital advances		1,784.97	1,684.73
		25,322.90	26,310.77
Investments	V	5,605.23	5,472.28
Current Assets, Loans and Advances			
	VI		
Inventories		43,088.07	40,690.06
Sundry Debtors		6,883.47	8,034.83
Cash and Bank Balances		445.39	459.43
Other Current Assets		2,615.89	2,576.24
Loans and Advances		6,453.80	6,540.95
		59,486.62	58,301.51
Less: Current Liabilities and Provisions	VII		
Current Liabilities		8,843.81	8,852.75
Provisions		262.86	921.31
		9,106.67	9,774.06
Net Current Assets		50,379.95	48,527.45
Total		81,308.08	80,310.50
Notes to Accounts	XV		

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

for Girish Murthy & Kumar
Chartered Accountants

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

Bangalore
Dated : May 28, 2009

for S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No. 57828

Bangalore
Dated : May 28, 2009

For and on behalf of the Board

Madanlal J Hinduja
Chairman

Rajendra J Hinduja
Managing Director

Bimlendu Kumar
Company Secretary

Bangalore
Dated : May 28, 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

	Schedules	For the year ended March 31, 2009	For the year ended March 31, 2008
INCOME			
Sales	VIII	109,340.27	100,256.53
Other Income	IX	8,153.93	6,802.38
		117,494.20	107,058.91
EXPENDITURE			
Raw Material Consumed	X	58,064.08	54,169.26
Other Manufacturing and Operating Expenses	XI	32,011.49	30,529.13
Personnel Costs	XII	7,935.65	7,286.58
Selling and Administrative Expenses	XIII	5,140.23	4,747.63
Finance Charges	XIV	3,510.33	3,052.10
Exchange Difference (net)		7,060.30	(1,887.26)
Depreciation	IV	3,427.12	3,212.47
		117,149.20	101,109.91
Profit Before Exceptional items		345.00	5,949.00
Add/(Less): Exceptional items		-	(828.63)
Profit Before Tax		345.00	5,120.37
Provision for Taxation			
— Current Tax		40.32	597.62
Less : Minimum Alternate Tax Credit Entitlement		(40.32)	-
— Deferred Tax charge / (credit)		(20.59)	(262.09)
— Fringe Benefit Tax		29.12	23.97
Net Profit for the Year		336.47	4,760.87
Profit Brought Forward from Previous Year		17,751.08	13,868.48
Amount available for Appropriation		18,087.55	18,629.35
Appropriations			
Proposed Dividend		-	343.76
Tax on Dividend		-	58.42
Transfer to General Reserve		-	476.09
		-	878.27
Balance carried to Balance Sheet		18,087.55	17,751.08
Basic / Diluted Earnings Per Share (Rs.), Face value Rs. 5 each			
[Refer Note C-8 of Schedule XV]			
- Before exceptional items		0.98	16.26
- After exceptional items		0.98	13.85
Notes to Accounts	XV		

Schedules referred to above form an integral part of the Profit and Loss Account

For and on behalf of the Board

As per our report of even date

for Girish Murthy & Kumar
Chartered Accountants

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

Bangalore
Dated : May 28, 2009

for S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No. 57828

Bangalore
Dated : May 28, 2009

Madanlal J Hinduja
Chairman

Rajendra J Hinduja
Managing Director

Bimlendu Kumar
Company Secretary

Bangalore
Dated : May 28, 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

PARTICULARS	For the year ended March 31, 2009	For the year ended March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation and exceptional items	345.00	5,949.01
Adjustments for:		
Depreciation	3,427.12	3,212.47
Unrealised foreign exchange losses / (gains) (net)	1,469.25	(40.13)
Unrealised Losses / (Gains) on Restatement of Monetary Liabilities (net)		
Interest expense	3,123.15	2,734.29
Interest earned	(12.74)	(13.13)
(Profit)/Loss on sale of assets (net)	47.13	(0.77)
(Profit)/Loss on sale of investments	(19.18)	(27.52)
Dividend on investments	(141.53)	(208.34)
Exchange difference on loans (net)	1,922.65	(673.05)
Preliminary expenses amortised	-	3.97
Operating Profit before working capital changes	10,160.85	10,936.80
Movements in Working Capital :		
(Increase)/Decrease in Sundry Debtors, Loans and Advances	(65.96)	(3,009.26)
(Increase)/Decrease in Inventories	(2,398.00)	(7,086.76)
Increase/(Decrease) in Current Liabilities and Provisions	(1,209.35)	1,575.77
Cash Generated from Operations	6,487.54	2,416.55
Direct taxes paid (net of refunds)	(456.88)	(505.85)
Net Cash Flow from Operating Activities	6,030.66	1,910.70
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	4.50	13.16
Purchase of Fixed Assets	(2,534.32)	(5,335.56)
Proceeds from Sale of Fixed Assets	47.94	27.48
Dividends received	141.53	208.34
Purchase of Investments	(2,698.49)	(6,180.27)
Proceeds from sale of Investments	2,593.43	7,884.28
Net Cash Flow from / (used in) Investing Activities	(2,445.41)	(3,382.57)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Packing Credit (net)	3,471.43	6,911.21
Proceeds from Term Loans	-	1,750.00
Repayment of Term Loans	(1,634.79)	(903.41)
Repayment of Unsecured Loans	-	(3,588.14)
Exchange difference (net)	(1,922.65)	673.05
Dividend Payouts (including Dividend Tax)	(402.04)	(803.91)
Interest paid	(3,102.53)	(2,734.30)
Net Cash Flow from / (used in) Financing Activities	(3,590.58)	1,304.50

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

PARTICULARS	For the year ended March 31, 2009	For the year ended March 31, 2008
D. NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)	(5.33)	(167.37)
E. Opening Balance of Cash & Cash Equivalents	309.43	476.80
F. Closing Balance of Cash & Cash Equivalents	304.10	309.43
Components of Cash and Cash Equivalents		
Cash on hand	23.25	20.31
Bank Balances with Scheduled Banks:		
— in Current Accounts	279.77	288.18
— in Deposit Accounts	141.29	150.00
— in Unpaid Dividend Accounts	1.08	0.94
	445.39	459.43
Less: Balance in Deposit Accounts	141.29	150.00
	304.10	309.43

Note:

Cash and cash equivalents include restricted for use balances amounting to Rs. 1.08 lakhs (2008: Rs. 0.94 lakh).

As per our report of even date

For and on behalf of the Board

for Girish Murthy & Kumar
Chartered Accountants

for S.R. Batliboi & Co.
Chartered Accountants

Madanlal J Hinduja
Chairman

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

per Kaustav Ghose
Partner
Membership No. 57828

Rajendra J Hinduja
Managing Director

Bangalore
Dated : May 28, 2009

Bangalore
Dated : May 28, 2009

Bimlendu Kumar
Company Secretary

Bangalore
Dated : May 28, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

	As at March 31, 2009	As at March 31, 2008
SCHEDULE I - SHARE CAPITAL		
Authorized		
40,000,000 (2008: 40,000,000) Equity Shares of Rs. 5 each	<u>2,000.00</u>	<u>2,000.00</u>
Issued, Subscribed and Paid-up		
34,376,000 (2008: 34,376,000) Equity Shares of Rs.5 each fully paid-up	<u>1,718.80</u>	<u>1,718.80</u>
	<u>1,718.80</u>	<u>1,718.80</u>
Of the above:		
i. 23,469,242 (2008: 23,334,242) equity shares of Rs.5 each are held by Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited, the Holding Company and Nil (2008: 135,000) shares are held in Escrow Account.		
ii. 7,126,000 (2008: 7,126,000) equity shares of Rs. 5 each have been allotted as fully paid-up pursuant to a scheme of amalgamation without payment being received in cash.		
SCHEDULE II - RESERVES AND SURPLUS		
Capital Reserve (on amalgamation) as per last account	9,751.18	9,751.18
Securities Premium Account		
Balance as per last account	13,721.30	13,721.30
General Reserve		
Balance as per last account	2,192.09	1,716.00
Add: Transferred from Profit and Loss Account	-	476.09
	<u>2,192.09</u>	<u>2,192.09</u>
Unrealised Gains / (Losses) on Cash Flow Hedges (net)	(1,174.40)	-
Profit and Loss Account	<u>18,087.55</u>	<u>17,751.08</u>
	<u>42,577.72</u>	<u>43,415.65</u>
SCHEDULE III - SECURED LOANS		
Packing Credit Loan from Banks	30,604.77	27,134.51
[Secured by hypothecation of raw materials, finished goods & book debts]		
Term Loan from Banks (Under Technology Upgradation Fund Scheme)	5,669.38	7,304.17
[Secured by hypothecation of specific fixed assets purchased]		
Interest accrued and due	20.63	-
	<u>36,294.78</u>	<u>34,438.68</u>

SCHEDULE - IV - FIXED ASSETS

Rupees in Lakhs

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at April 01, 2008	Additions during the year	Sale/Deletion during the year	As at March 31, 2009	As at April 01, 2008	for the Year	As at March 31, 2009	As at March 31, 2008
Freehold Land	1,330.10	-	-	1,330.10	-	-	1,330.10	1,330.10
Buildings	5,087.39	994.30	-	6,081.69	956.73	451.97	4,672.99	4,130.66
Leasehold Improvements	198.55	40.24	-	238.79	36.71	18.99	183.09	161.84
Plant & Machinery	25,833.28	709.18	146.45	26,396.01	8,883.18	2,403.31	15,172.75	16,950.09
Electrical Equipments	674.84	75.64	-	750.48	148.24	82.15	520.09	526.60
Office Equipments	295.23	25.54	-	320.77	114.02	26.85	179.90	181.21
Furniture & Fixtures	1,239.39	239.92	3.15	1,476.16	325.05	221.22	932.01	914.34
Computers								
(including software)	745.00	285.83	-	1,030.83	527.25	155.76	347.82	217.75
Vehicles	499.22	63.44	25.60	537.06	285.78	66.87	199.18	213.44
Total	35,903.00	2,434.09	175.20	38,161.89	11,276.96	3,427.12	23,537.93	24,626.04
Previous Year	28,871.09	7,098.24	66.32	35,903.00	8,088.79	3,212.47	24,626.04	

Rupees in Lakhs

	As at March 31, 2009	As at March 31, 2008
SCHEDULE V - INVESTMENTS		
A. Long-term Investments		
[at cost] [unquoted]		
In Government Securities [Non-trade]		
National Savings Certificate	0.43	0.43
	0.43	0.43
In Bonds [Non-trade]		
NIL (2008: 2,700) US 64 Bonds of Rs. 100 each, fully paid-up	-	5.16
	-	5.16
In Subsidiary Companies [Trade]		
All Colour Garments Private Limited	333.98	333.98
20,000 Equity Shares of Rs. 10 each, fully paid-up		
Deejay Trading Private Limited	8 1.96	81.96
20,000 Equity Shares of Rs. 10 each, fully paid-up		
Glamourwear Apparels Private Limited	101.46	101.46
20,000 Equity Shares of Rs. 10 each, fully paid-up		
Madhin Trading Private Limited	6 5.86	65.86
20,000 Equity Shares of Rs. 10 each, fully paid-up		
Magenta Trading Private Limited	6 9.08	69.08
20,000 Equity Shares of Rs. 10 each, fully paid-up		
Rafter Trading Private Limited	3 6.72	36.72
20,000 Equity Shares of Rs. 10 each, fully paid-up		
Rajdin Apparels Private Limited	170.90	170.90
20,000 Equity Shares of Rs. 10 each, fully paid-up		
Reflexion Trading Private Limited	1.00	1.00
10,000 Equity Shares of Rs. 10 each, fully paid-up		
Rishikesh Apparels Private Limited	6 7.83	67.83
20,000 Equity Shares of Rs. 10 each, fully paid-up		
Robot Systems Private Limited	327.81	327.81
12,000 Equity Shares of Rs. 10 each, fully paid-up		
Seven Hills Clothing Private Limited	307.90	307.90
20,000 Equity Shares of Rs. 10 each, fully paid-up		
SNS Clothing Private Limited	1,776.00	1,776.00
20,000 Equity Shares of Rs. 10 each, fully paid-up		
Vignesh Apparels Private Limited	8 0.89	80.89
20,000 Equity Shares of Rs. 10 each, fully paid-up		
	3,421.39	3,421.39
B. Current Investments [unquoted, at lower of cost and fair value] [Non-trade] In Mutual Funds		
HSBC Income Fund - STP - Institutional Weekly Dividend	1,039.59	-
10,189,907 (2008: NIL) units of Rs. 10 each		
Templeton Floating Rate Income Fund	-	1,518.71
NIL (2008: 14,983,817) units of Rs. 10 each		
Grindlays Floating Rate Fund-LT Daily Dividend	-	526.59
NIL (2008: 5,247,114) units of Rs. 10 each		
Templeton India Short Term Income Retail Plan	575.80	-
53,448 (2008: NIL) units of Rs. 1,000 each		
IDFC Arbitrage Plus Fund - Plan A - Dividend	568.02	-
5,445,751 (2008: NIL) units of Rs. 10 each		
	2,183.41	2,045.30
	5,605.23	5,472.28

Rupees in Lakhs

	As at March 31, 2009	As at March 31, 2008
SCHEDULE VI - CURRENT ASSETS, LOANS AND ADVANCES		
Inventories		
(at lower of cost and net realisable value)		
Raw Materials and Packing Materials	29,237.52	29,599.97
[includes Material in Transit Rs. 84.45 lakhs (2008: Rs. 752.08 lakhs)]		
Consumable Stores and Spares Parts	311.55	399.95
[includes Material in Transit Rs. NIL (2008: Rs. 24.62 lakhs)]		
Finished Goods	8,765.55	4,727.58
[includes Material in Transit Rs. 1828.42 lakhs (2008: NIL)]		
Work-in-progress	4,773.45	5,962.56
	43,088.07	40,690.06
Sundry Debtors		
[Unsecured, considered good]		
Debts outstanding for a period exceeding six months	558.15	115.59
Others	6,325.32	7,919.24
	6,883.47	8,034.83
Cash and Bank Balances		
Cash on hand	23.25	20.31
Bank Balances with Scheduled Banks:		
— in Current Accounts	279.77	288.18
— in Deposit Accounts	141.29	150.00
— in Unpaid Dividend Accounts	1.08	0.94
	445.39	459.43
Other Current Assets		
Interest accrued on bank deposits	9.56	3.64
Duty draw back receivable	2,606.33	2,572.60
	2,615.89	2,576.24
Loans and Advances		
[Unsecured, considered good]		
Advances to Subsidiaries	1,590.95	2,158.81
Advances recoverable in cash or kind or for value to be received	1,617.13	1,604.29
Balances with customs, excise and other authorities	422.08	616.36
Security & other deposits	1,285.61	1,365.32
Claims receivable	1,339.51	796.17
Advance Tax (net of provision)	158.20	-
Minimum Alternate Tax Credit Entitlement	40.32	-
	6,453.80	6,540.95
Refer Note C- 7 to Schedule XV for dues from companies under same management		
	59,486.62	58,301.51

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

	As at March 31, 2009	As at March 31, 2008
SCHEDULE VII - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
— Dues to Micro and Small Enterprises [Refer Note C-14 to Schedule XV]	46.40	8.22
— Others	6,737.47	6,314.16
Due to Subsidiaries	1,515.37	1,716.84
Advances from Customers	10.28	161.41
Unclaimed Dividends (to be transferred to IEPF as and when due)	1.08	0.94
Book Overdraft	227.55	436.45
Other Liabilities	305.66	214.73
	8,843.81	8,852.75
Provisions		
Taxation (net of payments)	-	231.66
Fringe Benefit Tax (net of payments)	0.46	0.36
Gratuity	125.04	170.69
Leave Benefits	137.36	116.41
Proposed Dividend	-	343.76
Tax on Proposed Dividend	-	58.43
	262.86	921.31
	9,106.67	9,774.06
SCHEDULE VIII - SALES		
Sale of Finished Goods		
— Exports	99,121.48	93,558.93
— Domestic	7,213.46	6,078.70
Job Work Income	473.19	199.79
Sale of accessories, fabrics, etc.	2,532.14	419.11
	109,340.27	100,256.53
SCHEDULE IX - OTHER INCOME		
Export Incentives	7,238.73	5,063.15
Bank Interest [gross]	12.74	13.13
[Tax Deducted at Source Rs. 2.32 lakhs (2008: Rs. 2.39 lakhs)]		
Dividend on current investments [Non-trade]	141.53	208.34
Profit on sale of current investments	19.18	27.52
Profit on sale of fixed assets (net)	-	0.77
Miscellaneous Income (including claims)	741.75	1,489.47
	8,153.93	6,802.38

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

	For the year ended March 31, 2009	For the year ended March 31, 2008
SCHEDULE X - RAW MATERIAL CONSUMED		
Consumption of Raw Materials and Packing Materials	60,912.95	55,834.94
Add / (Less): Decrease / (Increase) in stocks		
Opening Stock		
Finished Goods	4,727.58	3,810.12
Work-in-progress	5,962.55	5,214.34
	<u>10,690.13</u>	<u>9,024.46</u>
Less : Closing Stock		
Finished Goods	8,765.55	4,727.58
Work-in-progress	4,773.45	5,962.56
	<u>13,539.00</u>	<u>10,690.14</u>
	<u>(2,848.87)</u>	<u>(1,665.68)</u>
	<u>58,064.08</u>	<u>54,169.26</u>
SCHEDULE XI - OTHER MANUFACTURING AND OPERATING EXPENSES		
Consumption of Consumables, Stores and Spares	1,815.56	1,737.80
Job Work Charges	27,370.20	26,456.46
Power and Fuel	1,349.69	1,110.76
Repairs and Maintenance - Plant and Machinery	440.61	415.27
Other Manufacturing Expenses	1,035.43	808.84
	<u>32,011.49</u>	<u>30,529.13</u>
SCHEDULE XII - PERSONNEL COSTS		
Salaries, Wages and Bonus	7,077.89	6,532.41
Contribution to Provident Fund and other Funds	555.45	551.02
Gratuity expense	98.76	74.72
Welfare Expenses	203.55	128.43
	<u>7,935.65</u>	<u>7,286.58</u>

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

	For the year ended March 31, 2009	For the year ended March 31, 2008
SCHEDULE XIII - SELLING AND ADMINISTRATIVE EXPENSES		
Rent	698.88	577.01
Repairs and Maintenance		
— Buildings	35.60	14.72
— Others	429.69	471.80
Insurance	117.48	92.70
Rates and Taxes	56.66	40.80
Legal and Professional Charges	348.92	348.57
Printing and Stationery	201.93	220.92
Communication Costs	463.73	411.33
Travelling and Conveyance	244.65	228.93
Preliminary Expenses amortized	-	3.97
Auditors' Remuneration [Refer Note C- 12 to Schedule XV]	32.58	25.00
Membership and Subscription	18.95	37.59
Brokerage and Commission	593.95	592.80
Clearing, Forwarding and Freight	1,034.02	955.92
Export Claims	276.46	307.63
Advertisement, Publicity and Business Promotion	96.99	94.01
Charity and Donation	3.06	9.20
Directors' Remuneration	113.40	141.30
Loss on Sale of Fixed Assets (net)	47.13	-
Bad Debts written off	-	48.41
Miscellaneous Expenses	326.14	125.02
	5,140.22	4,747.63
SCHEDULE XIV - FINANCE CHARGES		
Bank Interest		
— On Fixed Loans*	409.30	451.25
— Others	2,713.85	2,283.05
Bank Charges	387.18	317.80
	3,510.33	3,052.10

* Interest is net of interest subsidy under Technology Upgradation Scheme Rs. 321.12 lakhs (2008: Rs. 325.09 lakhs)

SCHEDULE XV - NOTES TO ACCOUNTS

A. Background

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 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.

B. Significant accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects in respects with the notified accounting standards under Companies (Accounting Standards) Rules, 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 except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

b) 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 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, actual results could differ from these estimates.

c) Change in accounting policies – Derivative mark-to-market losses

For the year ended March 31, 2008, the mark-to-market losses on derivative contracts/ instruments amounting to Rs. 828.63 Lakhs (net) was charged off in the profit and loss account, in accordance with the announcement made by the Institute of Chartered Accountants of India on March 29, 2008.

Effective April 1, 2008, the Company has designated derivative instruments to hedge highly probable forecasted transactions based on the principles of hedge accounting set out in Accounting Standard (AS 30) on Financial Instruments: Recognition and Measurement. Based on the recognition and measurement principles set out in the AS 30, the changes in the derivative fair values relating to the derivative instruments that are designated as effective cash flow hedges are recognized directly in reserve/ equity until the hedged transactions occur. Upon occurrence of the transaction the amounts recognized in the reserves would be reclassified in the profit and loss account.

Had the Company not adopted the principles for hedge accounting set out in AS 30, the changes in the fair value of aforementioned derivative instruments amounting to Rs. 1,174.40 Lakhs would have been charged off in the profit and loss account, with consequential impact on the profits for current year.

d) 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.

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.

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.

e) 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 and Euros, where the counterparty is a bank.

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, 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 profit and loss account upon the occurrence of the hedged transaction. Changes in fair value relating to derivatives not designated as hedges are recognized in the profit and loss account.

f) Fixed assets and depreciation

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.

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%
Plant & Machinery	13.91%
Electrical Equipments	13.91%
Office Equipments	13.91%
Furniture & Fixtures	18.10%
Computers	40%
Vehicles	25.89%

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.

g) Borrowing Costs

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset. Other borrowing costs are charged to Profit and Loss Account.

h) Impairment of assets

At each Balance Sheet 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 Profit and Loss Account 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.

i) 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.

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.

j) 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.

k) Government Grants

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.

l) Investments

Investments that are readily realizable and intended to be held for not more than a year 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.

m) Retirement and Other Employee Benefits

Defined Contribution Plans:

Contributions to Provident Fund are made at pre-determined rates and charged to the Profit & Loss Account. The company's liability is limited to the extent of contributions made.

Defined Benefit Plans:

Gratuity liability is accrued in the books based on actuarial valuation on projected unit credit method as at Balance Sheet date. Actuarial gains or losses are recognized immediately in the Profit and Loss Account.

Other Employee Benefits:

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 loss / gain are immediately taken to profit and loss account and are not deferred.

n) Taxation

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are 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 balance sheet date. 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 balance sheet 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 balance sheet 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.

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 Minimum Alternative tax (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 profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet 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.

o) 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 Profit and Loss account on a straight-line basis over the lease term.

p) 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 balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q) Segment Reporting Policies

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.

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.

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.

r) 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.

s) Cash and Cash equivalents

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

C. Notes to Accounts

1. Contingent liabilities

Rupees in Lakhs

Particulars	2009	2008
Claims against the Company not acknowledged as debts	67.60	68.29
Guarantees given by banks	23.55	29.71
Outstanding letters of credit	1,221.90	2,058.64
Bills discounted with banks	17,220.14	15,432.47
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	90.40	797.61

Note: Certain industrial disputes are pending before various judicial authorities for which amounts are not ascertainable.

2. Export Promotion Capital Goods Scheme

During the year, the Company has imported capital goods without payment of duty under the Export Promotion Capital Goods Scheme. Under the scheme, the Company has export obligations of Rs. 1,205.59 Lakhs (2008: Rs.1,320.77 Lakhs) to be fulfilled before May 14, 2016.

3. 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 summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet:

Net employee benefit expense (in Profit and Loss Account)

Rupees in Lakhs

	2009	2008
Current Service Cost	96.98	75.23
Interest cost on benefit obligation	11.20	7.84
Expected Return on Plan Assets	(4.92)	(0.16)
Actuarial gain/(loss)	(4.50)	(8.19)
Net benefit expense	98.76	74.72
Actual return on plan asset	3.31	0.13

Details of Provision for gratuity (in Balance Sheet)

Rupees in Lakhs

	2009	2008
Defined benefit obligation	248.95	172.86
Fair value of plan asset	(123.91)	(2.16)
Plan liability	125.04	170.69

Changes in the present value of the defined benefit obligation are as follows:

Rupees in Lakhs

	2009	2008
Opening defined benefit obligation	172.86	97.96
Current Service Cost	96.98	75.23
Interest Cost	11.20	7.84
Benefits Paid	(25.73)	-
Actuarial (gain)/loss	(6.36)	(8.18)
Closing defined benefit obligation	248.95	172.85

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

Rupees in Lakhs

	2009	2008
Opening fair value of plan asset	2.16	1.99
Expected return	4.92	0.16
Actuarial gain/(loss)	(1.86)	0.01
Contributions by employer	118.69	-
Benefits Paid	-	-
Closing fair value of plan asset	123.91	2.16

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

	2009	2008
Interest Rate	7%	8%
Discount Factor	7%	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	58

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

	2009	2008
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 and demand in the employment market.
2. The Company expects to contribute Rs. 100 Lakhs to gratuity in 2009-10.

4. 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):

Rupees in Lakhs

Geographical Segment	Revenues	Carrying amount of segment assets (Debtors)
In India	10,218.79 (6,697.60)	3,953.72 (1,755.05)
Outside India	99,121.48 (93,558.93)	2,929.75 (6,279.79)
Total	109,340.27 (100,256.53)	6,883.47 (8,034.83)

Notes:

1. All fixed assets are located in India.
2. Figures in brackets relate to previous year.

5. 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. Madanlal J Hinduja
	Managing Director – Finance & Administration	Mr. Rajendra J Hinduja
	Executive Director – Production & Marketing	Mr. Dinesh J Hinduja
	Chief Operating Officer – Production	Mr. Ashwin R Hinduja
	Chief Operating Officer – Marketing	Mr. Vivek M Hinduja
	Chief Operating Officer – Marketing	Mr. Gaurav D Hinduja
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	Hinduja Trading Company DMR Enterprises
	Private Limited Companies	Vag Exports Private Limited Dice Trading Private Limited Maze Trading Private Limited Rapple Trading Private Limited Dazzle Trading Private Limited
	Public Limited Company	Parichay Investments Limited

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

- 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:

Rupees in Lakhs

Nature of Transactions	Subsidiary Companies	Key Management	Others	Total
Sales/Other Income				
Sale of garments/ materials	723.71 (625.85)	- (-)	- (-)	723.71 (625.85)
Rent income	- (0.25)	- (-)	- (-)	- (0.25)
Expenses				
Job work charges	27,122.60 (26,240.22)	- (-)	- (-)	27,122.60 (26,240.22)
Material purchases	213.46 (500.85)	- (-)	(-) (-)	213.46 (500.85)
Rent expense	- (-)	- (-)	22.17 (18.51)	22.17 (18.51)
Remuneration	- (-)	251.30 (210.90)	- (-)	251.30 (210.90)
Recovery of Expenses	- (-)	- (-)	- (0.60)	- (0.60)
Reimbursement of Expenses	77.79 (-)	- (-)	- (-)	77.79 (-)
Loans				
Loans repaid	- (-)	- (-)	- (3,588.15)	- (3,588.15)
Advances paid	- (-)	- (-)	10.00 (-)	10.00 (-)
Advances received	- (-)	- (308.77)	- (-)	- (308.77)
Balances outstanding as at March 31, 2009				
— Current liabilities	1,515.37 (1,716.84)	10.00 (13.95)	13.36 (13.16)	1,538.73 (1,743.95)
— Loans and advances	1,590.95 (2,158.82)	- (-)	634.20 (624.20)	2,225.15 (2,783.02)

Figures in brackets relate to previous year.

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

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

Rupees in Lakhs

	2009	2008
Sale of Garments/ Materials		
Subsidiary companies		
SNS Clothing Private Limited	717.71	625.85
Other subsidiaries	6	-
Rent Income		
Subsidiary company		
All Colour Garments Private Limited	-	0.25
Job work Charges		
Subsidiary companies		
Seven Hills Clothing Private Limited	6,442.68	6,448.92
Glamourwear Apparels Private Limited	3,583.02	3,286.11
Rishikesh Apparels Private Limited	3,440.58	2,954.75
Magenta Trading Private Limited	3,209.47	3,319.45
Others	10,446.85	10,230.99
	27,122.60	26,240.22
Material Purchases		
Subsidiary companies		
Reflexion Trading Private Limited	158.35	79.92
Rajdin Apparels Private Limited	42.29	68.10
SNS Clothing Private Limited	-	352.83
Others	12.82	-
	213.46	500.85
Rent Expense		
Enterprises over which key management personnel and their relatives exercise significant influence		
VAG Exports Private Limited	18.05	13.03
Others	4.12	5.48
	22.17	18.51
Remuneration		
Key Management Personnel		
Madanlal J Hinduja	37.04	42.90
Rajendra J Hinduja	37.13	48.00
Dinesh J Hinduja	37.13	48.00
Vivek M Hinduja	50.00	24.00
Ashwin R Hinduja	50.00	24.00
Gaurav D Hinduja	40.00	24.00
	251.30	210.90
Recovery of Expenses		
Enterprises over which key management personnel and their relatives exercise significant influence		
Parichay Investments Limited	-	0.60
Reimbursement of Expenses		
Subsidiary company		
SNS Clothing Private Limited	77.79	-

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

	2009	2008
Loans Repaid		
Enterprises over which key management personnel and their relatives exercise significant influence		
Dice Trading Private Limited	-	1,193.61
Maze Trading Pvt. Ltd.	-	1,197.77
Rapple Trading Pvt. Ltd.	-	1,196.77
	-	3,588.15
Advances Paid		
Enterprises over which key management personnel and their relatives exercise significant influence		
Hinduja Trading Company	10.00	-
Advances Received		
Key Management Personnel		
Madanlal J Hinduja	-	102.93
Rajendra J Hinduja	-	102.92
Dinesh J Hinduja	-	102.92
	-	308.77
Current Liabilities		
Subsidiary companies		
SNS Clothing Private Limited	1,103.96	1,303.34
All Colour Garments Private Limited	317.56	295.66
Others 93.85	93.85	117.84
	1,515.37	1,716.84
Key Management Personnel		
Vivek M Hinduja	5.00	2.00
Ashwin R Hinduja	5.00	2.00
Rajendra J Hinduja	-	3.97
Dinesh J Hinduja	-	3.98
Gaurav D Hinduja	-	2.00
	10.00	13.95
Enterprises over which key management personnel and their relatives exercise significant influence	13.16	13.16
Others	0.20	-
	13.36	13.16
Loans & Advances		
Subsidiary companies		
Seven Hills Clothing Private Limited	633.13	541.70
Rishikesh Apparels Private Limited	263.56	729.90
Magenta Trading Private Limited	212.86	206.18
Rajdin Apparels Private Limited	155.18	301.96
Others	326.22	379.08
	1,590.95	2158.82
Enterprises over which key management personnel and their relatives exercise significant influence		
Vag Exports Private Limited	319.00	319.00
Hinduja Trading Company	315.20	305.20
	634.20	624.20

6. 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.

The charge on account of lease rentals for the year is Rs. 698.88 Lakhs (2008: Rs. 577.01 Lakhs).

Future obligations of lease rentals for non cancellable period under respective lease agreements aggregate to Rs. 341.73 Lakhs (2008: Rs. 361.28 Lakhs)

Rupees in Lakhs

Period	2009	2008
Not later than one year	118.61	127.63
Later than one year and not later than five years	223.12	206.31
Later than five years	-	27.34
	341.73	361.28

7. Loans & Advances to subsidiaries, associates, etc

Rupees in Lakhs

Name of the company	2009		2008	
	Maximum balance outstanding during the year	Closing balance	Maximum balance outstanding during the year	Closing balance
Companies under the same management				
Magenta Trading Private Limited	737.93	212.86	452.72	206.85
Rishikesh Apparels Private Limited	904.56	263.56	1,012.98	729.90
Rajdin Apparels Private Limited	403.92	155.18	443.32	301.97
Glamourwear Apparels Private Limited	451.42	125.55	500.45	207.64
Reflexion Trading Private Limited	376.56	117.40	288.93	121.13
Seven Hills Clothing Private Limited	982.24	633.13	919.49	541.70
Robot Systems Private Limited	1.22	1.22	1.20	1.20
Madhin Trading Private Limited	42.60	10.62	51.62	-
Rafter Trading Private Limited	277.96	71.43	239.47	48.43
Deejay Trading Private limited	104.06	-	247.41	-
Vignesh Apparels Private Limited	76.08	-	87.49	-
Vag Exports Private Limited	319.00	319.00	319.00	319.00
Other Associate concerns				
Hinduja Trading Company	315.20	315.20	305.20	305.20
Total		2,225.15		2,783.02

8. Earnings per share

Rupees in Lakhs except EPS

Particulars	2009	2008
Net profit for the year as per profit and loss account before exceptional items	336.47	5,589.50
Net profit for the year as per profit and loss account after exceptional items	336.47	4,760.87
Weighted average number of equity shares (Nos.)	343.76	343.76
Nominal value per share - Rs.	5.00	5.00
Earnings per share – Basic and diluted		
Before exceptional items	0.98	16.26
After exceptional items	0.98	13.85

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

9. Detail of investments in units of mutual funds purchased and sold during the year:

Units in Lakhs

Fund	Scheme	Purchase Units	Reinvestment Units	Sale Units	Nominal Value of the Unit
IDFC Mutual Fund	IDFC Arbitrage Plus Fund – Plan B	53.25	-	53.25	10
IDFC Mutual Fund	IDFC Liquid Plus Fund – Treasury Plan – Daily Dividend	54.88	0.57	55.45	10
Franklin Templeton Investments	Templeton India Ultra Short Bond Fund Super Institutional Plan – Daily Dividend Reinvestment	55.40	0.71	56.11	10
Franklin Templeton Investments	Templeton Quarterly Interval Plan – Plan B	99.89	-	99.89	10
Franklin Templeton Investments	Templeton Quarterly Interval Plan – Plan B – Institutional – Dividend Payout	99.83	-	99.83	10
Franklin Templeton Investments	Templeton India Ultra Short Bond Fund Institutional Plan Weekly Dividend Reinvestment	97.78	0.34	98.12	10
Franklin Templeton Investments	Templeton India Ultra Short Bond Fund Retail Plan – Weekly Dividend Reinvestment	2.29	0.01	2.30	10
Total		463.32	1.63	464.95	

10. Deferred taxes - components of asset / (liability):

Rupees in Lakhs

Particulars	2009	2008
Difference between carrying amount of Fixed Assets in Financial Statements and Income Tax returns	(945.12)	(1,108.47)
Unabsorbed depreciation losses	179.17	-
Expenditure charged in the financial statements but allowable as expenses in future years under the Income Tax Act, 1961	49.17	371.10
Net Deferred Tax Asset/ (Liability)	(716.78)	(737.37)

11. Remuneration to directors

Rupees in Lakhs

Particulars	2009	2008
Managing Director and other Whole-time Directors		
Salaries	111.30	138.90
Non Whole-time Directors		
Sitting fees	2.10	2.40
Total	113.40	141.30

Note: The above figures do not include provisions for encashable leave and gratuity as actuarial valuation is done for Company as a whole.

12. Auditors' remuneration (excluding service tax)

Rupees in Lakhs

Particulars	2009	2008
Audit fees	28.00	24.00
In other capacity: Taxation matters	1.00	1.00
Total	29.00	25.00

13. a) Licensed, installed capacities and production

Particulars	Unit	2009	2008
<i>Licensed capacity</i>			
Readymade garments	Pcs	Not Applicable	Not Applicable
<i>Installed capacity</i>			
Readymade garments		Refer note below	
<i>Production</i>			
Readymade garments			
- Own production	Pcs	4,093,702	3,218,885
- Through Job workers		23,623,191	26,148,815

Note: Installed capacity cannot be quantified on account of a large variety of products that can be manufactured with varying specifications.

b. Sales

Rupees in Lakhs

Products	Unit	2009		2008	
		Quantity	Amount	Quantity	Amount
Readymade garments					
- Manufactured	Pcs	26,440,878	106,334.94	29,034,874	99,637.63
- Others*			2,532.14		419.11
Total		26,440,878	108,867.08	29,034,874	100,056.74

*Quantitative information for others is not provided as this comprises numerous accessories/ items.

c. Stock of finished goods

Rupees in Lakhs

Products	Unit	2009		2008	
		Quantity	Amount	Quantity	Amount
Manufactured					
- Readymade garments	Pcs	2,678,018	8,765.55	1,402,003	4,727.58
Total		2,678,018	8,765.55	1,402,003	4,727.58

d. Raw materials consumed

Rupees in Lakhs

Products	Unit	2009		2008	
		Quantity	Amount	Quantity	Amount
Cloth	Mtr	42,083,777	39,592.40	46,700,399	36,784.48
Fusible interlining	Mtr	4,183,516	670.45	3,310,659	576.80
Polywadding	Mtr	485,839	169.83	1,191,017	383.03
Accessories			17,326.50		13,974.27
Others			3,153.77		4,116.36
			60,912.95		55,834.94

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

Notes:

- i. The above consumption figures are shown after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.
- ii. Quantitative information for accessories/ others is not provided as this comprises numerous items.

e. CIF value of imports

Rupees in Lakhs

Particulars	2009	2008
Capital goods	477.39	1,133.85
Raw materials and accessories	18,474.23	23,313.84
Stores and spares	36.53	58.30
Total	18,988.15	24,505.99

f. Expenditure in foreign currency on accrual basis

Rupees in Lakhs

Particulars	2009	2008
Travel expenses	43.17	39.72
Brokerage and commission	163.74	85.51
Export claims	276.46	307.62
Salaries	52.56	14.00
Consultancy	13.47	20.01
Others	27.00	42.80
Total	576.40	509.66

g. Imported and indigenous raw materials, stores and spare parts consumed

Rupees in Lakhs

Particulars	2009		2008	
	Amount	%	Amount	%
<i>Raw Materials</i>				
Imported	18,675.56	30.70	19,882.82	35.61
Indigenous	42,237.39	69.30	35,952.12	64.39
	60,912.95	100.00	55,834.94	100.00
<i>Consumables, Stores and Spares</i>				
Imported	-	-	1.26	0.07
Indigenous	1,815.56	100.00	1,736.54	99.93
	1,815.56	100.00	1,737.80	100.00

h. Earnings in foreign currency

Rupees in Lakhs

Particulars	2009	2008
FOB value of exports	99,121.48	93,558.93
Freight and insurance recoveries	1,359.34	872.92
	100,480.82	94,431.85

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

Rupees in Lakhs

Particulars	2009	2008
Number of non-resident shareholders on record date	157	183
Number of shares held by such shareholders	2,34,90,456	33,899
Amount remitted during the year as dividend Rs. in Lakhs)	234.91	0.68
Financial year to which the dividend relates	2007-08	2006-07

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

Rupees in Lakhs

	2009	2008
(i) The principal amount due thereon remaining unpaid on March 31, 2009	46.40	8.120.10
Interest amount due and remaining unpaid on March 31, 2009	-	0.10
(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.	-	4.69
(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, 2009 in respect of principal amount settled during the year	-	0.10
(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.	-	0.10

15. Derivative contracts / instruments

Particulars of Derivative contracts	Purpose
Forward contract outstanding as at Balance Sheet Date	
Sell	
US \$ 13,000,000 Euro 5,000,000	Hedge of expected future sales
Options Contracts	
US \$ 8,000,000 Euro 5,600,000	Hedge of expected future sales
Interest rate swap	
INR 60,000,000	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed rate of interest of 10% and to receive floating rate linked to Mumbai Inter-Bank Offer Rate

16. Exchange difference loss / (gain)

Rupees in Lakhs

Particulars	2009	2008
Pre-shipment Packing Credit	3,616.30	(655.14)
Post-shipment Credit	464.31	120.62
Forward Contracts and Options	3,971.47	(225.49)
Foreign Currency Receivables	(1,069.97)	(1,076.40)
Foreign Currency Payables	78.19	(50.85)
	7,060.30	(1,887.26)

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

Amount in Lakhs

Particulars	2009		2008	
	Amount in foreign currency	Amount in Rs.	Amount in foreign currency	Amount in Rs.
Pre-shipment credit – USD	179.61	9,154.96	342.03	13,636.82
Bank balances – USD	0.27	13.51	0.02	0.75
Debtors – USD*	48.90	2,492.26	124.02	4,944.73
Debtors – EUR*	6.40	433.14	20.35	1,282.02
Debtors – GBP	0.06	4.35	0.67	53.03
Creditors – USD	23.99	1,222.95	28.05	1,118.37
Loans and advances – USD	30.72	1,565.77	27.40	1,092.43
Loans and advances – EUR	2.11	142.46	-	-
Advances received from customers – USD	0.20	10.28	-	-

* net of export bills discounted

18. Previous year's figures have been regrouped/rearranged/reclassified, wherever necessary to conform to the current year's presentation. The figures of previous year were jointly audited by a firm of Chartered Accountants other than S.R. Batliboi & Co.

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants

For S.R. Batliboi & Co.
Chartered Accountants

For and on behalf of Board

Madanlal J Hinduja
Chairman

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

per Kaustav Ghose
Partner
Membership No.: 57828

Rajendra J Hinduja
Managing Director

Bangalore
Date: May 28, 2009

Bangalore
Date: May 28, 2009

Bimlendu Kumar
Company Secretary

Bangalore
Date: May 28, 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

			3	3	4	7	5
--	--	--	---	---	---	---	---

 Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	9
---	---	---	---

Date Month Year

State code:

0	8
---	---

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

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

Right Issue

					N	I	L
--	--	--	--	--	---	---	---

Private Placement

					N	I	L
--	--	--	--	--	---	---	---

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

Sources of Funds
 Total Liabilities

	8	1	3	0	8	0	8
--	---	---	---	---	---	---	---

Total Assets

	8	1	3	0	8	0	8
--	---	---	---	---	---	---	---

Paid-up Capital

		1	7	1	8	8	0
--	--	---	---	---	---	---	---

Reserves & Surplus

	4	2	5	7	7	7	3
--	---	---	---	---	---	---	---

Secured Loans

	3	6	2	9	4	7	7
--	---	---	---	---	---	---	---

Unsecured Loans

					N	I	L
--	--	--	--	--	---	---	---

Application of Funds
 Deferred tax liability (Net)

			7	1	6	7	8
--	--	--	---	---	---	---	---

Net Fixed Assets
 including capital work in progress

	2	5	3	2	2	9	0
--	---	---	---	---	---	---	---

Investments

		5	6	0	5	2	2
--	--	---	---	---	---	---	---

Net Current Assets

	5	0	3	7	9	9	5
--	---	---	---	---	---	---	---

Miscellaneous Expenditure

					N	I	L
--	--	--	--	--	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

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

Turnover (Total income)

1	1	7	4	9	4	2	0
---	---	---	---	---	---	---	---

Total Expenditure

1	1	7	1	4	9	2	0
---	---	---	---	---	---	---	---

+ - Profit/Loss before tax

✓	
---	--

			3	4	5	0	0
--	--	--	---	---	---	---	---

+ - Profit/Loss after tax

✓	
---	--

			3	3	6	4	8
--	--	--	---	---	---	---	---

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

Earnings per share in Rs. (on profit after taxes)

				0	.	9	8
--	--	--	--	---	---	---	---

Dividend rate %

					N	I	L
--	--	--	--	--	---	---	---

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

Item Code No. (ITC Code)

x	x	6	2	0	1	1	2
---	---	---	---	---	---	---	---

x	x	6	2	0	5	2	0
---	---	---	---	---	---	---	---

x	x	6	2	0	6	3	0
---	---	---	---	---	---	---	---

Product Description

J	A	C	K	E	T	S
---	---	---	---	---	---	---

	S	H	I	R	T	S
--	---	---	---	---	---	---

B	L	O	U	S	E	S
---	---	---	---	---	---	---

For and on behalf of the board

Madanlal J Hinduja
 Chairman

Rajendra J Hinduja
 Managing Director

Bimlendu Kumar
 Company Secretary

Bangalore : May 28, 2009

ANNEXURE TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956

Rs. in Lakhs

Name of the Company	All Colour Garments Pvt. Ltd.	Deejay Trading Pvt. Ltd.	Glamourwear Apparels Pvt. Ltd.	Madhin Trading Pvt. Ltd.	Magenta Trading Pvt. Ltd.	Rafter Trading Pvt. Ltd.	Rajdin Trading Pvt. Ltd.	Reflexion Trading Pvt. Ltd.	Rishikesh Trading Pvt. Ltd.	Seven Hills Clothing Pvt. Ltd.	SNS Clothing Pvt. Ltd.	Vignesh Apparels Pvt. Ltd.	Robot Systems Pvt. Ltd.
Financial Year ending	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009	March 31, 2009
Share of the subsidiary held by the Company on the above date													
a) Number of shares and Face value	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	10000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	12000 Eq. shares of Rs.100/- each
b) Extent of holding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Net aggregate amount of profit/ (loss) of subsidiary for the above financial year so far as they concern members of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-
a) dealt within the accounts of the company for the ended 31 st March 2009	5.37	5.36	4.96	7.10	4.87	7.20	7.19	4.44	7.42	5.19	(43.51)	9.76	(4.40)
b) not dealt within the accounts of the company for the ended 31 st March 2009													
Net aggregate amount of profit/ loss for previous financial years of the subsidiary, since it became subsidiary so far as they concern members of the Company	-	-	-	-	-	-	-	-	-	-	-	-	-
a) dealt within the accounts of the company for the ended 31 st March 2009	9.38	15.09	16.71	16.16	10.07	11.82	14.23	7.20	15.04	11.48	(42.22)	19.81	(32.77)
b) not dealt within the accounts of the company for the ended 31 st March 2009													

ANNEXURE TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956 (contd.)

Rs. in Lakhs

Subsidiary	Issued & subscribed share capital	Reserves	Loans	Total Assets	Total Liabilities	Investments	Turnover	Profit/(loss) before taxation	Provision for taxation	Profit/(Loss) after taxation	Proposed dividend
All Colour Garments Private Limited	2.00	343.28	-	345.28	345.28	-	1348.48	21.21	15.84	5.37	-
Deejay Trading Private Limited	2.00	95.29	-	106.79	106.79	0.01	1449.97	29.45	24.41	5.36	-
Glamourwear Apparels Private Limited	2.00	118.70	-	120.70	120.70	0.09	3597.14	30.15	25.89	4.96	-
Madhin Trading Private Limited	2.00	80.13	-	82.13	82.13	0.01	842.75	13.47	4.42	7.10	-
Magenta Trading Private Limited	2.00	77.49	-	80.77	80.77	0.03	3214.53	11.65	10.28	4.87	-
Rafter Trading Private Limited	2.00	46.54	-	52.95	52.95	-	2067.59	10.23	3.03	7.20	-
Rajdin Apparels Private Limited	2.00	183.13	-	185.72	185.72	0.34	2123.28	11.35	4.16	7.19	-
Reflexion Trading Private Limited	1.00	7.20	-	9.04	9.04	0.03	1244.91	5.82	1.49	4.44	-
Rishikesh Apparels Private Limited	2.00	80.92	-	86.73	86.73	-	3440.56	19.00	0.80	7.42	-
Seven Hills Clothing Private Limited	2.00	317.38	-	332.48	332.48	-	6442.68	(2.32)	-7.51	5.19	-
SNS Clothing Private Limited	2.00	1733.99	-	1735.99	1735.99	0.02	1059.75	(57.14)	-13.84	(43.51)	-
Vignesh Apparels Private Limited	2.00	98.70	-	100.70	100.70	0.08	1464.70	29.53	19.76	9.76	-
Robot Systems Private Limited	12.00	25.65	-	37.65	37.65	-	-	(4.40)	-	(4.40)	-

For and on behalf of the Board

Bangalore
May 28, 2009

Madanlal J Hinduja
Chairman

Rajendra J Hinduja
Managing Director

Bimlendu Kumar
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2009

GOKALDAS EXPORTS LIMITED

AUDITORS' REPORT

To,

The Board of Directors of Gokaldas Exports Limited

1. We, Girish Murthy and Kumar and S.R. Batliboi and 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, 2009, and also the consolidated Profit and Loss Account for the year ended March 31, 2009 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 the 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. 371,126,048 as at March 31, 2009; total revenues of Rs. 797,671,422; total expenditure of Rs. 799,327,912 and cash outflows, net amounting to Rs. 6,945,287 for the year then ended. These financial statements and other financial information have been audited solely by Girish Murthy and Kumar on which, S.R. Batliboi and 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. 453,023,612 as at March 31, 2009; total revenues of Rs. 2,033,210,722; total expenditure of Rs. 2,020,582,601 and cash outflows, net amounting to Rs. 24,656,105 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 issued by the Institute of Chartered Accountants of India.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements 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 the Consolidated Balance Sheet, of the state of affairs of the Gokaldas Group as at March 31, 2009;
 - b) in the case of the Consolidated Profit and Loss Account, of the profit 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 S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No.: 57828

Bangalore
Date: May 28, 2009

For Girish Murthy & Kumar
Chartered Accountants

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

Bangalore
Date: May 28, 2009

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2009

Rupees in Lakhs

	Schedule	As at March 31, 2009	As at March 31, 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	1,718.80	1,718.80
Reserves and Surplus	II	42,666.67	43,498.53
Loan Funds			
Secured Loans	III	36,294.77	34,438.67
Deferred Tax Liability (net)		723.25	728.68
[Refer Note C-8 of Schedule XV]			
Total		81,403.49	80,384.68
APPLICATION OF FUNDS			
Fixed Assets			
	IV		
Gross Block		42,835.02	40,417.24
Less: Accumulated Depreciation		16,324.86	12,525.59
Net Block		26,510.16	27,891.65
Capital work-in-progress including capital advances		1,784.97	1,684.73
		28,295.13	29,576.38
Investments	V	2,184.45	2,051.50
Current Assets, Loans and Advances			
	VI		
Inventories		43,396.82	40,932.72
Sundry Debtors		7,101.22	8,192.92
Cash and Bank Balances		774.65	1,100.47
Other Current Assets		2,615.90	2,576.24
Loans and Advances		8,055.25	7,589.44
		61,943.84	60,391.79
Less: Current Liabilities and Provisions			
	VII		
Current Liabilities		10,371.95	10,342.23
Provisions		647.98	1,292.76
		11,019.93	11,634.99
Net Current Assets		50,923.91	48,756.80
Total		81,403.49	80,384.68
Notes to Accounts	XV		

Schedules referred to above form an integral part of the Consolidated Balance Sheet

As per our report of even date

for Girish Murthy & Kumar
Chartered Accountants

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

Bangalore
Dated : May 28, 2009

for S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No. 57828

Bangalore
Dated : May 28, 2009

For and on behalf of the Board

Madanlal J Hinduja
Chairman

Rajendra J Hinduja
Managing Director

Bimlendu Kumar
Company Secretary

Bangalore
Dated : May 28, 2009

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

	Schedule	For the year ended March 31, 2009	For the year ended March 31, 2008
INCOME			
Sales	VIII	109,576.82	100,657.37
Other Income	IX	8,166.42	6,903.58
		117,743.24	107,560.95
EXPENDITURE			
Raw Material Consumed	X	57,794.88	54,092.48
Other Manufacturing and Operating Expenses	XI	6,546.38	6,051.80
Personnel Costs	XII	31,051.55	29,794.00
Selling and Administrative Expenses	XIII	7,442.80	6,735.07
Finance Charges	XIV	3,528.12	3,069.40
Exchange Difference (net)		7,060.30	(1,887.26)
Depreciation	IV	3,879.41	3,660.37
		117,303.44	101,515.86
Profit Before Exceptional items		439.80	6,045.09
Add/(Less): Exceptional items		-	(828.63)
Profit Before Tax		439.80	5,216.46
Provision for Taxation			
— Current Tax		120.04	676.97
Less : Minimum Alternate Tax Credit Entitlement		(40.32)	-
— Deferred Tax charge / (credit)		(5.43)	(272.71)
— Fringe Benefit Tax		3 4.35	29.04
— Tax charge / (credit) for earlier years		(11.38)	1.16
Net Profit for the Year		342.54	4,782.00
Balance Brought Forward from Previous Year		17,816.01	13,912.28
Amount available for appropriation		18,158.55	18,694.28
Appropriations			
Proposed Dividend		-	343.76
Tax on Dividends		-	58.42
Transfer to General Reserve		-	476.09
		-	878.27
Balance carried to Balance Sheet		18,158.55	17,816.01
Basic / Diluted Earnings Per Share (Rs.), Face value of Rs. 5 each			
[Refer Note C-7 of Schedule XV]			
- Before exceptional items		1.00	16.32
- After exceptional items		1.00	13.91
Notes to Accounts	XV		

Schedules referred to above form an integral part of the Consolidated Profit and Loss Account

As per our report of even date

for Girish Murthy & Kumar
Chartered Accountants

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

Bangalore
Dated : May 28, 2009

for S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No. 57828

Bangalore
Dated : May 28, 2009

For and on behalf of the Board

Madanlal J Hinduja
Chairman

Rajendra J Hinduja
Managing Director

Bimlendu Kumar
Company Secretary

Bangalore
Dated : May 28, 2009

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

PARTICULARS	For the year ended March 31, 2009	For the year ended March 31, 2008
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before taxation and exceptional items	439.80	6,045.09
Adjustments for:		
Depreciation	3,879.41	3,660.37
Unrealised foreign exchange losses / (gains) (net)	1,469.25	(40.13)
Interest expense	3,123.15	3,069.40
Interest Earned	(24.67)	(31.75)
(Profit)/Loss on sale of assets (net)	47.13	-
(Profit)/loss on sale of investments	(19.18)	(27.52)
Dividend on investments	(141.53)	(208.34)
Exchange difference on loans (net)	1,922.65	(673.05)
Preliminary expenses amortised	-	4.63
Operating Profit before working capital changes	10,696.01	11,798.70
Movements in Working Capital :		
(Increase)/Decrease in Sundry Debtors, Loans and Advances	1,428.27	(2,809.54)
(Increase)/Decrease in Inventories	(2,464.10)	(6,668.71)
Increase/(Decrease) in Current Liabilities and Provisions	(1,166.21)	1,438.74
Cash Generated from Operations	8,493.97	3,759.19
Direct taxes paid (net of refunds)	(922.41)	(977.58)
Net Cash Flow from Operating Activities	7,571.56	2,781.59
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	5.53	14.77
Purchase of Fixed Assets	(2,693.22)	(5,890.33)
Proceeds from Sale of Fixed Assets	47.94	87.95
Dividends received	141.53	208.35
Purchase of Investments	(2,698.48)	(6,180.28)
Proceeds from sale of investments	2,593.43	7,884.28
Net Cash Flow from / (used in) Investing Activities	(2,603.27)	(3,875.26)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Packing Credit (net)	1,776.61	6,891.11
Proceeds from Term Loans	-	1,750.00
Repayment of Term Loans	(1,634.79)	(903.41)
Proceeds from Unsecured Loans	-	(3,588.15)
Exchange difference (net)	(1,922.65)	673.05
Dividends payout (including Dividend Tax)	(402.04)	(803.91)
Interest Paid	(3,102.53)	(3,069.40)
Net Cash Flow from / (used in) Financing Activities	(5,285.40)	949.29

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

PARTICULARS	For the year ended March 31, 2009	For the year ended March 31, 2008
D. NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS		
	(317.11)	(144.36)
(A+B+C)		
E. Opening Balance of Cash & Cash Equivalents	950.47	1,094.83
F. Closing Balance of Cash & Cash Equivalents	633.36	950.47
Components of Cash and Cash Equivalents		
Cash on hand	93.72	139.67
Bank Balances with Scheduled Banks:		
— in Current Accounts	538.56	809.86
— in Deposit Accounts	141.29	150.00
— in Unpaid Dividend Accounts	1.08	0.94
	774.65	1,100.47
Less: Balance in Deposit Accounts	141.29	150.00
	633.36	950.47

Note:

Cash and cash equivalents include restricted for use balances amounting to Rs. 1.08 Lakhs (2008: Rs. 0.94 Lakh).

As per our report of even date

for Girish Murthy & Kumar
Chartered Accountants

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

Bangalore
Dated : May 28, 2009

for S.R. Batliboi & Co.
Chartered Accountants

per Kaustav Ghose
Partner
Membership No. 57828

Bangalore
Dated : May 28, 2009

For and on behalf of the Board

Madanlal J Hinduja
Chairman

Rajendra J Hinduja
Managing Director

Bimlendu Kumar
Company Secretary

Bangalore
Dated : May 28, 2009

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED
MARCH 31, 2009

Rupees in Lakhs

	As at March 31, 2009	As at March 31, 2008
SCHEDULE I - SHARE CAPITAL		
Authorized		
40,000,000 (2008: 40,000,000) Equity Shares of Rs. 5 each	<u>2,000.00</u>	<u>2,000.00</u>
Issued, Subscribed and Paid-up		
34,376,000 (2008: 34,376,000) Equity Shares of Rs. 5 each fully paid-up	<u>1,718.80</u>	<u>1,718.80</u>
	<u>1,718.80</u>	<u>1,718.80</u>
Of the above:		
i. 23,469,242 (2008: 23,334,242) equity shares of Rs.5 each are held by Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited, the Holding Company and Nil (2008: 135,000) shares are held in Escrow Account.		
ii. 7,126,000 (2008: 7,126,000) equity shares of Rs. 5 each have been allotted as fully paid-up pursuant to a scheme of amalgamation without payment being received in cash.		
SCHEDULE II - RESERVES AND SURPLUS		
Capital Reserve (on amalgamation) as per last account	9,769.12	9,769.12
Securities Premium Account		
Balance as per last account	13,721.31	13,721.31
General Reserve		
Balance as per last account	2,192.09	1,716.00
Add: Transferred from Profit and Loss Account	-	476.09
	<u>2,192.09</u>	<u>2,192.09</u>
Unrealised Gains / (Losses) on Cash Flow Hedges (net)	(1,174.40)	-
Profit and Loss Account	<u>18,158.55</u>	<u>17,816.01</u>
	<u>42,666.67</u>	<u>43,498.53</u>
SCHEDULE III - SECURED LOANS		
Packing Credit Loan from Banks	30,604.77	27,134.50
[Secured by hypothecation of raw materials, finished goods & book debts]		
Term Loan from Banks (Under Technology Upgradation Fund Scheme)	5,669.38	7,304.17
[Secured by hypothecation of specific fixed assets purchased]		
Interest accrued and due	2 0.62	-
	<u>36,294.77</u>	<u>34,438.67</u>

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED
MARCH 31, 2009

SCHEDULE - IV

Rupees in lakhs

Particulars	Gross Block			Depreciation				Net Block	
	As At April 1, 2008	Additions During the year	Sale/Deletion during the Year	As At March 31, 2009	As At April 1, 2008	For The Year	Deduction for Sale/Deletion	As At March 31, 2009	As At March 31, 2008
Goodwill on consolidation	314.79	-	-	314.79	-	-	-	-	314.79
Freehold Land	1,331.07	-	-	1,331.07	-	-	-	1,331.07	1,331.07
Buildings	5,804.55	1,002.66	-	6,807.21	1,123.68	511.21	-	1,634.89	4,680.87
Leasehold Improvements	328.00	62.34	-	390.34	56.66	30.43	-	87.09	271.34
Plant & Machinery	27,087.45	756.87	146.45	27,697.87	9,270.26	2,530.50	63.24	11,737.52	17,817.19
Electrical Equipments	1,861.71	101.43	-	1,963.14	483.33	203.64	-	686.97	1,378.38
Office Equipments	360.31	29.36	-	389.67	135.26	33.15	-	168.41	225.05
Furniture & Fixtures	2,051.95	290.24	3.14	2,339.05	621.54	344.59	2.13	964.00	1,430.41
Computers (including software)	749.52	286.63	-	1,036.15	530.92	156.30	-	687.22	218.60
Vehicles	527.89	63.44	25.60	565.73	303.94	69.59	14.77	358.76	223.95
Total	40,417.24	2,592.97	175.19	42,835.02	12,525.59	3,879.41	80.14	16,324.86	27,891.65
Previous Year	32,890.00	7,661.38	134.15	40,417.24	8,911.41	3,660.37	46.19	12,525.59	27,891.65

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED
MARCH 31, 2009

Rupees in Lakhs

	As at March 31, 2009	As at March 31, 2008
SCHEDULE V - INVESTMENTS		
A. Long-term Investments [at cost] [unquoted]		
In Government Securities [Non-trade]		
National Savings Certificate	0.85	0.85
Indira Vikas Pathra	0.19	0.19
	<u>1.04</u>	<u>1.04</u>
In Bonds [Non-trade]		
NIL (2008: 2,700) US 64 Bonds of Rs. 100 each, fully paid up	-	5.16
	<u>-</u>	<u>5.16</u>
B. Current Investments [unquoted, at lower of cost and fair value] [Non-trade]		
In Mutual Funds		
HSBC Income Fund - STP - Institutional Weekly Dividend 10,189,907(2008:Nil) units of Rs. 10 each	1,039.59	-
Templeton Floating Rate Income Fund NIL (2008: 14,983,817) units of Rs. 10 each	-	1,518.71
Grindlays Floating Rate Fund-LT Daily Dividend NIL (2008: 5,247,114) units of Rs. 10 each	-	526.59
Templeton India Short Term Income Retail Plan 53,448 (2008: NIL) units of Rs. 1,000 each	575.80	-
IDFC Arbitrage Plus Fund - Plan A - Dividend 5,445,751 (2008: NIL) units of Rs. 10 each	568.02	-
	<u>2,183.41</u>	<u>2,045.30</u>
	<u>2,184.45</u>	<u>2,051.50</u>

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED
MARCH 31, 2009

Rupees in Lakhs

	As at March 31, 2009	As at March 31, 2008
SCHEDULE VI - CURRENT ASSETS, LOANS AND ADVANCES		
Inventories		
(at lower of cost and net realisable value)		
Raw Materials and Packing Materials	29,342.79	29,668.73
[includes Material in Transit Rs. 84.45 lakhs (2008: Rs. 752.08 lakhs)]		
Consumable Stores and Spare parts	311.55	426.24
[includes Material in Transit Rs. NIL (2008: Rs. 24.62 lakhs)]		
Finished Goods	8,969.03	4,875.19
[includes Material in Transit Rs. 1828.42 lakhs (2008: NIL)]		
Work-in-Progress	4,773.45	5,962.56
	43,396.82	40,932.72
Sundry Debtors		
[Unsecured, considered good]		
Debts outstanding for a period exceeding six months	582.65	148.93
Others	6,518.57	8,043.99
	7,101.22	8,192.92
Cash and Bank Balances		
Cash on Hand	93.72	139.67
Bank Balances with Scheduled Banks:		
— in Current Accounts	538.56	809.86
— in Deposit Accounts	141.29	150.00
— in Unpaid Dividend Accounts	1.08	0.94
	774.65	1,100.47
Other Current Assets		
Interest accrued on bank deposits	9.56	3.64
Duty draw back receivable	2,606.34	2,572.60
	2,615.90	2,576.24
Loans and Advances		
[Unsecured, considered good]		
Advances recoverable in cash or kind or for value to be received	1,895.68	2,063.98
Balances with customs, excise and other authorities	422.08	616.36
Security & other deposits	3,065.63	3,381.13
Claims receivable	1,339.51	796.17
Advance Tax (net of provision)	1,292.03	731.80
Minimum Alternate Tax Credit Entitlement	40.32	-
	8,055.25	7,589.44
	61,943.84	60,391.79

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

Rupees in Lakhs

	As at March 31, 2009	As at March 31, 2008
SCHEDULE VII - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	8,307.51	7,629.46
Advances from Customers	13.40	164.54
Unclaimed Dividends (to be transferred to IEPF as and when due)	1.08	0.94
Bank Overdraft	269.02	638.13
Other Liabilities	1,780.94	1,909.16
	10,371.95	10,342.23
Provisions		
Taxation (net of payments)	-	231.66
Fringe Benefit Tax (net of payments)	0.50	1.22
Gratuity	250.04	363.38
Leave Benefits	397.44	294.32
Proposed Dividend	-	343.76
Tax on Proposed Dividends	-	5 8.42
	647.98	1,292.76
	11,019.93	11,634.99
SCHEDULE VIII - SALES		
Sale of Finished Goods		
— Exports	99,121.48	93,558.93
— Domestic	7,371.52	6,349.79
Job Work Income	536.16	313.05
Sale of accessories, fabrics, etc.	2,547.66	435.60
	109,576.82	100,657.37
SCHEDULE IX - OTHER INCOME		
Export Incentives	7,238.73	5,063.15
Bank Interest [gross]	13.77	14.73
[Tax Deducted at Source Rs. 2.50 lakhs (2008: Rs.2.39 lakhs)]		
Dividend on current investments [Non-trade]	141.53	208.34
Profit on sale of current investments	19.18	27.53
Profit on sale of fixed assets (net)	-	0.77
Prior Period Income (net)	-	8 1.92
Interest on income tax refund	10.90	17.01
Miscellaneous Income (including claims)	742.31	1,490.13
	8,166.42	6,903.58
SCHEDULE X - RAW MATERIAL CONSUMED		
Consumption of Raw Materials and Packing Materials	60,699.62	55,616.35
Add / (Less): Decrease / (Increase) in stocks		
Opening Stock		
Finished Goods	4,875.19	4,099.54
Work-in-progress	5,962.56	5,214.34
	10,837.75	9,313.88
Less : Closing Stock		
Finished Goods	8,969.03	4,875.19
Work-in-progress	4,773.45	5,962.56
	13,742.48	10,837.74
	(2,904.73)	(1,523.87)
	57,794.88	54,092.48

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED
MARCH 31, 2009

Rupees in Lakhs

	For the year ended March 31, 2009	For the year ended March 31, 2008
SCHEDULE XI - OTHER MANUFACTURING AND OPERATING EXPENSES		
Consumption of Consumables, Stores and Spares	1,977.75	1,877.95
Job Work Charges	247.96	222.47
Power and Fuel	2,379.20	2,111.05
Repairs and Maintenance - Plant and Machinery	553.49	646.41
Other Manufacturing Expenses	1,387.98	1,193.92
	6,546.38	6,051.80
SCHEDULE XII - PERSONNEL COSTS		
Salaries, Wages and Bonus	26,848.82	26,153.80
Contribution to Provident Fund and other Funds	2,984.92	3,170.04
Gratuity expense	211.67	116.38
Welfare expenses	1,006.14	353.78
	31,051.55	29,794.00
SCHEDULE XIII - SELLING AND ADMINISTRATIVE EXPENSES		
Rent	2,046.88	1,549.24
Repairs and Maintenance		
— Buildings	129.42	75.25
— Others	698.78	767.56
Insurance	148.02	140.57
Rates and Taxes	87.27	70.64
Legal and Professional Charges	503.81	618.23
Printing and Stationery	209.74	233.87
Communication Costs	482.54	427.90
Travelling and Conveyance	313.99	277.51
Preliminary Expenses amortized	-	4.63
Auditors' Remuneration [Refer Note C-10 to Schedule XV]	38.96	33.62
Membership and Subscription	18.95	37.59
Brokerage and Commission	597.06	600.54
Clearing, Forwarding and Freight	1,034.04	956.52
Export Claims	276.46	307.63
Advertisement, Publicity and Business Promotion	96.99	142.64
Charity and Donation	3.51	9.37
Directors' Remuneration	113.40	141.30
Loss on Sale of Fixed Assets - (net)	47.13	-
Prior Period Expense (net)	27.79	-
Bad Debts written off	-	48.41
Miscellaneous Expenses	568.06	292.05
	7,442.80	6,735.07
SCHEDULE XIV - FINANCIAL CHARGES		
Bank Interest		
— On Fixed Loans*	409.30	451.25
— Others	2,713.84	2,283.05
Bank Charges	404.98	335.10
	3,528.12	3,069.40

* Interest is net of interest subsidy under Technology Upgradation Scheme Rs. 321.12 Lakhs (2008:Rs.325.09 Lakhs)

NOTES TO ACCOUNTS

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE XV - NOTES TO ACCOUNTS

A. Background

Gokaldas Exports Limited ('the Company' or 'Gokaldas') 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.

B. Significant accounting policies

a) Basis of presentation and consolidation

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

The consolidated financial statements have been prepared to comply in all material respects in respects with the notified accounting standards under Companies (Accounting Standards) Rules, 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 Group and except for the changes in accounting policy discussed more fully below, 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 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 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.

b) 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 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, actual results could differ from these estimates.

c) Change in accounting policies – Derivative mark-to-market losses

For the year ended March 31, 2008, the mark-to-market losses on derivative contracts/ instruments amounting to Rs. 828.63 Lakhs (net) was charged off in the profit and loss account, in accordance with the announcement made by the Institute of Chartered Accountants of India on March 29, 2008.

NOTES TO ACCOUNTS

Effective April 1, 2008, the Group has designated derivative instruments to hedge highly probable forecasted transactions based on the principles of hedge accounting set out in Accounting Standard (AS 30) on Financial Instruments: Recognition and Measurement. Based on the recognition and measurement principles set out in the AS 30, the changes in the derivative fair values relating to the derivative instruments that are designated as effective cash flow hedges are recognized directly in reserve/ equity until the hedged transactions occur. Upon occurrence of the transaction the amounts recognized in the reserves would be reclassified in the profit and loss account.

Had the Group not adopted the principles for hedge accounting set out in AS 30, the changes in the fair value of aforementioned derivative instruments amounting to Rs. 1,174.40 Lakhs would have been charged off in the profit and loss account, with consequential impact on the profits for current year.

d) 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.

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.

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.

e) 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 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, 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 profit and loss account upon the occurrence of the hedged transaction. Changes in fair value relating to derivatives not designated as hedges are recognized in the profit and loss account.

f) Fixed assets and depreciation

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.

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%
Plant & Machinery	13.91%
Electrical Equipments	13.91%
Office Equipments	13.91%
Furniture & Fixtures	18.10%
Computers	40%
Vehicles	25.89%

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of addition.

NOTES TO ACCOUNTS

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower.

g) Borrowing Costs

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset. Other borrowing costs are charged to Profit and Loss Account.

h) Impairment of assets

At each Balance Sheet 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 Profit and Loss Account 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.

i) 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.

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.

j) 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 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.

k) Government Grants

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.

l) Investments

Investments that are readily realizable and intended to be held for not more than a year 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.

m) Retirement and Other Employee Benefits

Defined Contribution Plans:

Contributions to Provident Fund are made at pre-determined rates and charged to the Profit & Loss Account. The Group's liability is limited to the extent of contributions made.

Defined Benefit Plans:

Gratuity liability is accrued in the books based on actuarial valuation on projected unit credit method as at Balance Sheet date. Actuarial gains or losses are recognized immediately in the Profit and Loss Account.

Other Employee Benefits:

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 loss / gain are immediately taken to profit and loss account and are not deferred.

n) Taxation

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are 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 balance sheet date. 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 balance sheet 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 balance sheet 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (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 profit and loss account and shown as MAT Credit Entitlement. The Group reviews the same at each balance sheet 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.

o) 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 Profit and Loss account on a straight-line basis over the lease term.

p) 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 balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q) Segment Reporting Policies

Identification of segments:

The Group's operating businesses are organized and managed separately according to the nature of

NOTES TO ACCOUNTS

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.

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.

Segment Policies:

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

r) 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.

s) Cash and Cash equivalents

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

C. Notes to Accounts

1. Contingent liabilities

Rupees in Lakhs

Particulars	As at March 31, 2009	As at March 31, 2008
Claims against the Company not acknowledged as debts	69.44	70.13
Guarantees given by banks	23.55	29.71
Outstanding letter of credit	1,221.90	2,058.64
Bills discounted with banks	17,220.14	15,432.47
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net o advances)	90.40	797.61

Note: Certain industrial disputes are pending before various judicial authorities for which amounts are not ascertainable

2. Export Promotion Capital Goods Scheme

During the year, the Group has imported capital goods without payment of duty under the Export Promotion Capital Goods Scheme. Under the scheme the Group has export obligations of Rs. 1,205.59 Lakhs (2008: Rs.1320.77 Lakhs) to be fulfilled before May 14, 2016.

3. 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 summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet:

NOTES TO ACCOUNTS

Amount in Lakhs

	2009	2008
Current Service Cost	243.17	135.35
Interest cost on benefit obligation	22.82	20.03
Expected Return on Plan Assets	(10.02)	(0.85)
Actuarial gain/(loss)	(44.31)	(38.15)
Net benefit expense	211.67	116.38
Actual return on plan asset	7.27	1.81

Details of Provision for gratuity (in Balance Sheet)

Amount in Lakhs

	2009	2008
Defined benefit obligation	496.02	374.94
Fair value of plan asset	(245.98)	(11.55)
Plan liability	250.04	363.39

Changes in the present value of the defined benefit obligation are as follows:

Amount in Lakhs

	2009	2008
Opening defined benefit obligation	374.94	257.66
Current Service Cost	243.17	135.35
Interest Cost	22.82	20.03
Benefits Paid	(97.85)	-
Actuarial (gain)/loss	(47.06)	(38.10)
Closing defined benefit obligation	496.02	374.94

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

Amount in Lakhs

	2009	2008
Opening fair value of plan asset	11.55	10.65
Expected return	10.02	0.85
Actuarial gain/(loss)	(2.75)	0.05
Contributions by employer	227.16	-
Benefits Paid	-	-
Closing fair value of plan asset	245.98	11.55

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

Interest Rate	7%	8%
Discount Factor	7%	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	58

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

	2009	2008
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 and demand in the employment market.
2. The Group expects to contribute Rs. 150 Lakhs to gratuity in 2009-10.

NOTES TO ACCOUNTS

4. 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 financial statements.

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

Rupees in Lakhs

Particulars	Revenue	Carrying amount of segment assets (Debtors)
India	10,455.34 (7,098.44)	4,171.47 (1,913.13)
Outside India	99,121.48 (93,558.93)	2,929.75 (6,279.79)
Total	109,576.82 (100,657.37)	7,101.22 (8,192.92)

Note:

1. All fixed assets are located in India.
2. Figures in brackets relate to previous year.

5. Related party disclosure

A. The following are the names of related parties and description of relationship:

Description of Relationship	Names of related parties
a. Parties where control exists:	
Immediate Holding Company	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited
Ultimate Holding Company	Blackstone FP Capital Partners (Mauritius) V-B Limited
b. Key management personnel:	
Chairman	Mr. Madanlal J Hinduja
Managing Director – Finance & Administration	Mr. Rajendra J Hinduja
Executive Director – Production & Marketing	Mr. Dinesh J Hinduja
Chief Operating Officer – Production	Mr. Ashwin R Hinduja
Chief Operating Officer – Marketing	Mr. Vivek M Hinduja
Chief Operating Officer – Marketing	Mr. Gaurav D Hinduja
c. Enterprises over which key management personnel and their relatives exercise significant influence with whom transactions have taken place during the year	
Partnership Firm	Hinduja Trading Company DMR Enterprises Avis Industrial Estate
Private Limited Companies	Vag Exports Private Limited Dice Trading Private Limited Maze Trading Private Limited Rapple Trading Private Limited Dazzle Trading Private Limited J.V.N. Exports Private Limited Polyproducts Private Limited
Public Limited Company	Parichay Investments Limited

NOTES TO ACCOUNTS

- 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:

Rupees in Lakhs

Transactions	Key Management Personnel	Others	Total
Expenses			
Rent Expense	- (-)	422.21 (43.02)	422.21 (43.02)
Remuneration	251.30 (210.90)	- (-)	251.30 (210.90)
Recovery of Expenses	- (-)	- (0.60)	- (0.60)
Loans			
Loans repaid	- (-)	- (3,588.15)	- (3,588.15)
Advances received	- (308.77)	424.54 (-)	424.54 (308.77)
Advances paid	- (-)	134.64 (6.00)	134.64 (6.00)
Balances outstanding as on March 31, 2009			
— Current liabilities	10.00 (13.95)	14.01 (13.36)	24.01 (27.31)
— Loans and advances	- (-)	1,480.80 (1,770.70)	1,480.80 (1,770.70)

Figures in brackets relate to previous year.

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

Rupees in Lakhs

Rent Expense	2009	2008
Enterprises over which key management personnel and their relatives exercise significant influence		
Avis Industrial Estate	130.07	6.52
Vag Exports Private Limited	103.63	14.22
J.V.N. Exports Private Limited	71.47	6.00
Hinduja Trading Company	63.25	5.48
Dazzle Trading Private Limited	35.85	7.20
Others	17.94	3.60
	422.21	43.02
Remuneration	2009	2008
Key Management Personnel		
Madanlal J Hinduja	37.04	42.90
Rajendra J Hinduja	37.13	48.00
Dinesh J Hinduja	37.13	48.00
Vivek M Hinduja	50.00	24.00
Ashwin R Hinduja	50.00	24.00
Gaurav D Hinduja	40.00	24.00
	251.30	210.90
Recovery of Expenses	2009	2008
Enterprises over which key management personnel and their relatives exercise significant influence		
Parichay Investments Limited	-	0.60

NOTES TO ACCOUNTS

Rupees in Lakhs

Loans Repaid	2009	2008
Enterprises over which key management personnel and their relatives exercise significant influence		
Dice Trading Private Limited	-	1,193.61
Maze Trading Pvt. Ltd.	-	1,197.77
Rapple Trading Private Limited	-	1,196.77
	-	3,588.15
Advances received	2009	2008
Key Management Personnel		
Madanlal J Hinduja	-	102.93
Rajendra J Hinduja	-	102.92
Dinesh J Hinduja	-	102.92
	-	308.77
Enterprises over which key management personnel and their relatives exercise significant influence		
Hinduja Trading Company	250.00	-
Avis Industrial Estate	155.44	-
J.V.N. Exports Private Limited	19.10	-
	424.54	-
Advance paid	2009	2008
Enterprises over which key management personnel and their relatives exercise significant influence		
Vag Exports Private Limited	57.00	6.00
Polyproducts Private Limited	36.84	-
Dazzle Trading Private Limited	30.80	-
Others	10.00	-
	134.64	6.00
Current liabilities	2009	2008
Key Management Personnel		
Vivek M Hinduja	5.00	2.00
Ashwin R Hinduja	5.00	2.00
Rajendra J Hinduja	-	3.97
Dinesh J Hinduja	-	3.98
Gaurav D Hinduja	-	2.00
	10.00	13.95
Enterprises over which key management personnel and their relatives exercise significant influence		
Dazzle Trading Private Limited	13.81	13.16
Others	0.20	0.20
	14.01	13.36
Loans and advances	2009	2008
Enterprises over which key management personnel and their relatives exercise significant influence		
Hinduja Trading Company	465.20	705.20
Vag Exports Private Limited	632.50	575.50
Avis Industrial Estate	168.06	322.00
Others	215.04	168.00
	1,480.80	1,770.70

NOTES TO ACCOUNTS

6. 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.

The charge on account of lease rentals for the year is Rs. 2,046.88 Lakhs (2008: Rs. 1,549.24 Lakhs).

Future obligations of lease rentals applicable to the leased assets aggregate to Rs. 341.73 Lakhs (2008: Rs. 361.28 Lakhs)

Rupees in Lakhs

Period	2009	2008
Not later than one year	118.61	127.63
Later than one year and not later than five years	223.12	206.31
Later than five years	-	27.34
	341.73	361.28

7. Earnings per share

Rupees in Lakhs except EPS

Particulars	2009	2008
Net profit for the year as per profit and loss account before exceptional items	342.54	5,610.63
Net profit for the year as per profit and loss account after exceptional items	342.54	4,782.00
Weighted average number of equity shares (Nos.)	34,376,000	34,376,000
Nominal value per share	5.00	5.00
Earnings per share – Basic and diluted		
Before exceptional items	1.00	16.32
After exceptional items	1.00	13.91

8. Deferred Taxes – components of assets / (liability)

Rupees in Lakhs

Particulars	2009	2008
Difference between carrying amount of Fixed Assets in Financial Statements and Income Tax Returns	(976.80)	(1,152.71)
Unabsorbed depreciation losses	195.75	-
Expenditure charged in the financial statements but allowable as expenses in future years under the Income Tax Act, 1961	57.80	424.04
Net Deferred Tax Asset/ (Liability)	(723.25)	(728.68)

9. Remuneration to directors

Rupees in Lakhs

Particulars	2009	2008
Managing Director and other Whole-time Directors		
Salaries	111.30	138.90
Non Whole-time Directors		
Sitting Fees	2.10	2.40
	113.40	141.30

Note: The above figures do not include provisions for encashable leave and gratuity as actuarial valuation is done for Group as a whole.

NOTES TO ACCOUNTS

10. Auditors Remuneration

Rupees in Lakhs

Particulars	2009	2008
Audit fees	33.11	28.42
In other capacity:		
Taxation matters	1.64	1.50
Service Tax	4.21	3.70
	38.96	33.62

11. Exchange difference loss / (gain)

Amount in Lakhs

Particulars	2009	2008
Pre-shipment Packing Credit	3,616.30	(655.14)
Post-shipment Credit	464.31	120.62
Forward Contracts and Options	3,971.47	(225.49)
Foreign Currency Receivables	(1,069.97)	(1,076.40)
Foreign Currency Payables	78.19	(50.85)
	7,060.30	(1,887.26)

12. Derivative contracts / instruments

Particulars of Derivative contracts	Purpose
Forward contract outstanding as at Balance Sheet Date	
Sell	
US \$ 13,000,000	Hedge of expected future sales
Euro 5,000,000	
Options Contracts	
US \$ 8,000,000	Hedge of expected future sales
Euro 5,600,000	
Interest rate swap	
INR 60,000,000	Hedge against exposure to variable interest outflow on loans. Swap to pay fixed rate of interest of 10% and to receive floating rate linked to Mumbai Inter-Bank Offer Rate

13. As of the Balance Sheet date, the Group's foreign currency exposure is as under:

Amount in Lakhs

Particulars	2009		2008	
	Amount in foreign currency	Amount in Rs.	Amount in foreign currency	Amount in Rs.
Pre-shipment credit – USD	179.61	9,154.96	342.03	13,636.82
Bank balances – USD	0.27	13.51	0.02	0.75
Debtors – USD*	48.90	2,492.26	124.02	4,944.73
Debtors – EUR*	6.40	433.14	20.35	1,282.02
Debtors – GBP	0.06	4.35	0.67	53.03
Creditors – USD	23.99	1,222.95	28.05	1,118.37
Loans and advances – USD	30.72	1,565.77	27.40	1,092.43
Loans and advances – EUR	2.11	142.46	-	-
Advances received from customers – USD	0.20	10.28	-	-

* net of export bills discounted

NOTES TO ACCOUNTS

14. Previous year's figures have been regrouped/rearranged/reclassified, wherever necessary to conform to the current year's presentation. The figures of previous year were jointly audited by a firm of Chartered Accountants other than S.R. Batliboi & Co.

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants

For S.R. Batliboi & Co.
Chartered Accountants

For and on behalf of Board

Madanlal J Hinduja
Chairman

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

per Kaustav Ghose
Partner
Membership No.: 57828

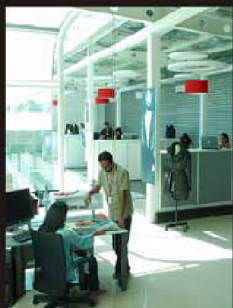
Rajendra J Hinduja
Managing Director

Bangalore
Date: May 28, 2009

Bangalore
Date: May 28, 2009

Bimlendu Kumar
Company Secretary

Bangalore
Date: May 28, 2009



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