



gokaldas exports ltd.

since 1979



2013-2014

11th ANNUAL REPORT



The Origin and Ascent

VISION

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



The late Jhamandas H. Hinduja

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

MISSION

*“Achieve profitable growth through
Innovation, Quality, Consistency and Commitment”*

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REGISTERED OFFICE

No. 70, Mission Road
Bangalore 560 027, India

CHIEF FINANCIAL OFFICER

Mr. Sumit Keshan

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Ramya .K

STATUTORY AUDITORS

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

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

INTERNAL AUDITORS

G. Balu Associates
Chartered Accountants
4 – A, Venkatesa Agraharam Road
Mylapore, Chennai - 600 004

BANKERS

Canara Bank
Corporation Bank

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Won highest number of export awards



BOARD OF DIRECTORS



Shri Richard B Saldanha
Chairman



Shri Gautam Chakravarti
Director & CEO



Shri Mathew Cyriac
Director



Shri Arun K Thiagarajan
Independent Director



Shri J H Mehta
Independent Director



Dr Yashwant Shankarrao
Patil Thorat
Independent Director

CHAIRMAN'S MESSAGE



Richard B Saldanha
Chairman

Dear Shareholders,

The year 2103-14 has been an encouraging year for us, where your company's performance showed significant improvement over earlier years, across all parameters.

The year had encountered headwinds in the form of continued weakness in the key economies globally, high inflationary conditions prevailing in developing countries including India, resultant pricing pressures faced by brands in their various markets etc.

Your company had taken key strategic initiatives early to offset the impact of these forces. The management focused on enhancing performance and profitability of the organization, by delivering higher value to customers and having stronger customer-connect strategies. This was implemented through organization restructuring and taking measures to enhance operational productivity and excellence in manufacturing.

I am glad to report that the firm rose against the challenges successfully by leveraging on its core competence and

putting the business on a path of long-term growth.

We credit this growth to continuous improvement mindset of our operations' teams, strong management, faster decision-making process, and quality of our people.

The strategic thrusts for the company continue to be as follows:

1. Develop new markets and new products
2. Invest in operational excellence and Capability building
3. Continuous cost management and cost control
4. Sustained focus on financial management

We believe that our efforts along these directions will help boost the performance of the company on a continuous basis. At the same time, as we head through changing market and global economic conditions, the company will need to adapt to the changes quickly. Whereas there have been noteworthy efforts to turnaround

the business, we are still not out of woods, and would need to continue to focus on the key strategies and secure the future of the organization.

On behalf of the whole organization, I would like to thank our valued customers who continue to support us. We truly value the trust they have reposed in the company. We renew our 'pledge' to customers and shall continue to strive to build relationships that last.

We also thank our business partners, vendors, and other business associates, who form our extended partnership network, in which we operate. We depend on their continued support as a key enabler to overcome the existing challenges. We truly value the existing partnerships and will work to make it win-win at all times.

Further, I thank this outstanding board for their guidance on governance and strategic direction.

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

DIRECTORS' REPORT

Your Directors present herewith the Eleventh Annual Report and the Audited Accounts for the year ended March 31, 2014.

Financial Results (Consolidated)

(Rs. In lakhs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Revenue	114,709	98,979
Profit Before Tax	(373)	(10,813)

Review of Operations

Gokaldas Exports, on a consolidated basis, has reported total revenue of Rs. 114,709 Lakhs representing an increase of 15.9% over 2012-13. This growth reflects improvement in revenues from both exports as well as domestic business. The Company's growth for the year has been in line with the growth in Indian apparel exports of 16%, (source AEPC for the period April 2013 – Feb 2014).

There is a positive traction seen in the US economy as well as in certain European countries. This has helped the Company in achieving its growth, in addition to its strategy of expanding geo-foot print to countries like LatAm and Russia.

On the profitability front, the company has shown a positive swing of INR. 104 Cr. for the year as compared to previous year, through rigorous cost management measures in addition to its strategy of revenue enhancement. While it has ended the year with a small loss of INR 3.7 Cr, it is pertinent to note that the company has posted cash profit in excess of INR. 20 Cr. on a consolidated basis and has reported positive PBT in Q2, Q3 as well as Q4 of 2013-14.

Key Cost Metrics

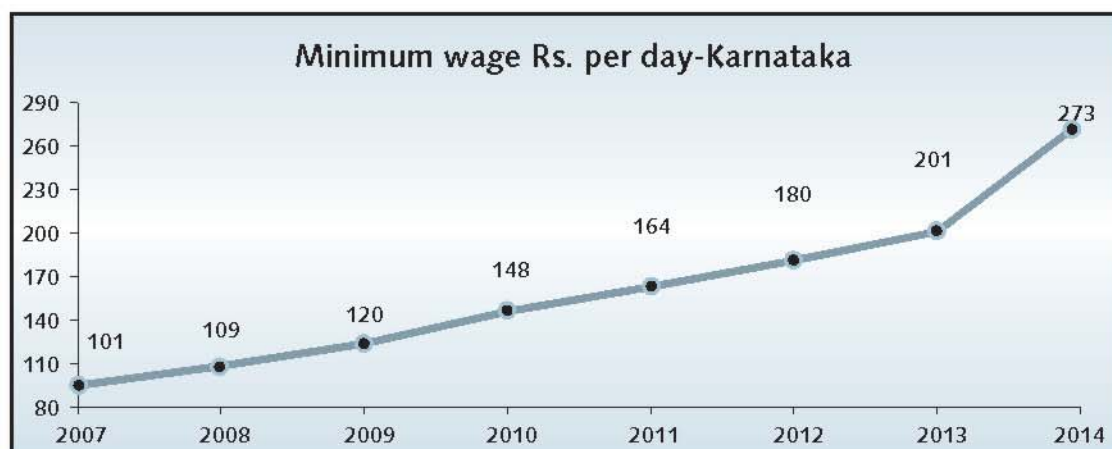
There has been reduction in all the key costs ratios in the year as compared to previous year indicative of the efforts of the management to make the business structure more competitive. Among these cost items, wage costs have reduced considerably from 35.7% of sales in FY13 to 29.4% in FY14, thereby improving profitability in FY14 over FY13. This has been achieved, despite increase in wage rates, through higher productivity.

(% to Sales)

	FY14	FY13
Raw Material Cost (Including inc/dec in Inventory)	50.0	50.7
Wage cost	29.4	35.7
Other Expenses	15.7	16.3
Depreciation and amortisation expense	2.4	3.4
Finance costs	3.5	3.8

With continued cost management initiatives, coupled with productivity enhancement, the company is well placed for improved performance in the coming years.

Some of the significant cost elements have shown upward trend in the past and in the current year. Wage costs form a significant part of our costs, which has seen increase in rates over the years as follows.



The rising trend in wholesale price index (WPI) reflects continuing inflationary pressure on operating costs.



For the year 2013-14, we have undertaken substantive strategic measures to improve our performance, viz; focus on increasing share of business with existing customers, selectively develop new high-potential customers and markets and build on them, bring in product diversity and strengthen design capabilities, improve manufacturing efficiencies, and sustain focus on tighter financial management. These initiatives will help us achieve enhanced results in the coming years too.

Safety, Health, Environment and Corporate social responsibility-

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

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

Some of the key initiatives taken by the company are-

- Regular fire safety audits along with mock drills at all locations
- Identification and implementation for additional fire safety measures for high rising buildings
- Up-gradation of existing fire control and safety systems including training on fire prevention for employees
- Enhanced focus on product safety and safe working practices through training programs
- Implementation of a Reverse Osmosis plant in Denim Laundry for recycling of wash water

Dividend

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

Transfer to Reserves

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

List of Subsidiaries

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

Robot Systems Private Limited.

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

Fixed Deposits

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

Corporate Governance

Your Company is committed to maintain the highest standards of Corporate Governance. Your Directors adhere to the standards set out by the Securities and Exchange Board of India's (SEBI) Corporate Governance practices and accordingly have implemented all the major stipulations prescribed. Your Company's Corporate Governance

Compliance Certificate in line with Clause 49 of the Stock Exchange Listing Agreement is given along with the Corporate Governance Report.

Management Discussion and Analysis

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

Employee Stock Options Scheme

GEL Employee Stock Options Scheme 2010 has been approved by the shareholders. The Compensation Committee of the Board met on May 20th, 2013 and February 1st, 2014 and granted the stock options to identified employees.

Listing

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

Directors

During the year 2013-14 the Composition of the Board remains same. Mr. Gautam Chakravarti, Director retires by rotation at the forthcoming Annual General Meeting, and being eligible offers himself for re-appointment.

In terms of Sections 149, 152 and other applicable and related provisions of the Companies Act, 2013 read with Rules made thereunder, retirement by rotation shall not apply to Independent Directors. In order to comply with the statutory requirements, the Independent Directors Mr. Arun. K. Thiagarajan, Mr. Jitendrakumar H. Mehta and Dr. Yashwant S. Thorat are being recommended for appointment for a term upto five consecutive years, on a non-rotational basis.

Details of the proposals of appointment

or re-appointment as applicable are mentioned in the Explanatory Statement under Section 102 of the Companies Act 2013 in the Notice to the 11th Annual General Meeting. Necessary resolutions are being placed before the shareholders for approval.

Auditors

The Company's Joint Auditors, M/s S.R. Batliboi & Associates LLP, Chartered Accountants and M/s Girish Murthy & Kumar Chartered Accountants hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received the requisite certificate from them pursuant to Section 141(3)(g) of the Companies Act, 2013. The Audit Committee of the Board has recommended their re-appointment for a period of 3(three) years from the conclusion of this Annual General Meeting till 2017 AGM. The necessary resolution is being placed before the shareholders for approval.

Particulars of Employees

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

Directors' Responsibility Statement

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

- I) In the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- II) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of its profits / losses for the year ended March 31, 2014;
- III) They have taken proper and sufficient care towards the maintenance of adequate accounting records in

accordance with the provisions of this Act, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

- IV) They have prepared the financial statements for the year ended March 31, 2014 on a going concern basis.

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

In pursuance of the provisions of section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo are 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 a continuous basis.
- B. Technology absorption, adoptions and innovation
Not Applicable
- C. Foreign Exchange Earnings and Outgo
Foreign Exchange
earned : Rs. 88,425 lakhs
Out go : Rs. 20,188 lakhs

Acknowledgements and Appreciation

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

On behalf of the Board of Directors

Richard B Saldanha
(Chairman)
Gautam Chakravarti
(CEO)

Bangalore
13th August, 2014

ANNEXURE TO DIRECTORS' REPORT

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

Subsidiary's financial summary

Subsidiary's financial summary													Amount 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
Capital	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00	12.00
Reserves-Dr Balance -	-	-	-	-	-	-	-	-	-	-	-	-	(8.18)
Total Assets (Gross)*	359.44	490.57	619.72	290.38	434.13	544.56	495.93	283.17	627.83	1,412.21	1,804.70	95.63	7.08
Total Liabilities	359.44	490.57	619.72	290.38	434.13	544.56	495.93	283.17	627.83	1,412.21	1,804.70	95.63	7.08
Details of investments (except in case of investments in subsidiaries)	-	-	0.09	0.01	-	-	-	0.03	-	-	0.02	-	-
Turnover (Total revenue)	0.28	2,370.08	2,904.89	1,338.30	2,492.95	2,986.69	1,794.70	1,715.42	2,839.09	6,892.72	1,660.67	-	-
Profit/(Loss) before taxation	(1.38)	56.46	70.62	15.32	41.79	23.40	19.46	11.45	21.57	54.82	(4.27)	(0.63)	(0.44)
Tax expenses	-	50.56	64.78	12.18	37.83	16.70	16.08	5.05	14.65	47.94	(8.98)	-	-
Profit after taxation	(1.38)	5.90	5.84	3.13	3.96	6.70	3.38	6.40	6.92	6.88	4.70	(0.63)	(0.44)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-

*NOTE: The detailed financials of the subsidiary companies shall be made available to any shareholder seeking such information.

ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 2014

Amount in Rs.

Sr. No.	Name	Designation	Qualification	Age (years)	Previous Employer	Designation at previous employment	Date of Joining	Gross Remuneration (Rs.)
1	Gautam Chakravarti	Director & Chief Executive Officer	MA (ECO) MBA (IIMB)	61	Blackstone Advisors India Pvt Ltd	Executive Director	01/04/2011	13,500,000
2	Sumit Keshan	Chief Financial Officer	CA, CWA	44	Deutsche Bank	Director	20/10/2010	9,700,000
3	Ranjiv Kapur	Deputy Chief Executive Officer	Diploma in Footwear Technology -Wellingborough Technical College (UK)	60	Orient Craft Ltd	President	04/01/2014	2,125,000

Notes:

1. Remuneration above is on cost to company basis i.e., basic salary, all perks and allowances, incentives and employer's contribution to provident fund.
2. None of the employees is related to any director of the Company.
3. The terms of employment of the above-referred employees/directors are contractual and they perform such duties as prescribed there under.
4. None of the above-referred employees hold shares exceeding 1% as on March 31, 2014.

For and on behalf of the Board of Directors

Bangalore
August 13, 2014

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & CEO

CORPORATE GOVERNANCE REPORT

Company's philosophy on Corporate Governance

Corporate governance is an ethically driven business process that is committed to values. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. It is imperative that our company affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders. We conduct our business in a manner that is fair to all our stakeholders, we practice highest standards of integrity in all our actions and we respect and comply with the laws of the geographies in which we are present.

Good Corporate Governance leads to long-term shareholder value creation. It brings into focus the fiduciary and trustee role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

Recently, the Securities and Exchange Board of India (SEBI) sought to amend the equity listing agreement to bring in additional corporate governance norms for listed entities. These norms provide for stricter disclosures and protection of investor rights, including equitable treatment for minority and foreign shareholders. The amended norms are aligned with the provisions of the Companies Act, 2013, and are aimed to encourage companies to adopt best practices on corporate governance'.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement existing as of March 31, 2014 and presents the following Corporate Governance Report for the year 2013-14, based on the said disclosure requirements.

Board of Directors

The Board is headed by a Non-Executive Chairman, Mr. Richard B. Saldanha, and is composed of eminent persons with considerable professional experience in diverse fields viz, manufacturing, marketing, finance, banking, legal, management and commercial administration and comprises of a majority of Non-Executive Directors. The Gokaldas Exports Board is a balanced Board, comprising of Executive and Non-Executive Directors. As on March 31, 2014, the Board consists of 6 members, 5 of whom are Non- executive, out of which 3 are Independent Directors.

The composition of the Board and category of Directors as on March 31, 2014 is as follows:

Sl. No.	Name of Directors	Category
1.	Mr. Richard B. Saldanha	Non Executive Director & Chairman
2.	Mr. Gautam G. Chakravarti	Executive Director – CEO & WTD
3.	Mr. Arun K.Thiagarajan	Non Executive & Independent Director
4.	Mr. Mathew Cyriac	Non Executive Director
5.	Mr. Jitendrakumar H.Mehta	Non Executive & Independent Director
6.	Dr. Yashwant S.Thorat	Non Executive & Independent Director

Meetings

The meetings of the Board of Directors are normally held at the Company's Registered Office in Bangalore. During the year under review, 6 (Six) meetings were held on May 6th, 2013, May 20th, 2013, July 31st, 2013, September 23rd, 2013, November 11th, 2013 and February 1st, 2014.

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

The details of the Board meetings for the financial year 2013-2014 are as under:

Sl.no	Date of the Board Meeting	Board Strength	No of Directors Present
1	May 6th, 2013	7	4
2	May 20th, 2013	6	5
3	July 31st, 2013	6	4
4	September 23rd, 2013	6	5
5	November 11th, 2013	6	5
6	February 1st, 2014	6	6

The last Annual General Meeting (AGM) was held on Monday, September 23rd, 2013, 11.30 AM

Particulars of the directorship of the Board, membership and office of the Chairman of Board Committees across all Companies as on March 31, 2014 and attendance at the Board Meetings of the Company are given below:

CORPORATE GOVERNANCE REPORT

Directors Details :

SI No	Name	Category	Attendance Particulars		No of Directorship* and Committee** Membership/Chairmanships in Public Limited Companies as on 31st March, 2014 ¹			
			No. of Board Meetings		Whether attended last AGM	Directors hips ²	Committee Member-ships ³	Commit-tee Chairman hips ³
			Held	Attended				
1	Mr. Richard B. Saldanha	Chairman & Non Executive Director	6	6	Yes	4	2	-
2	Mr. Gautam G. Chakravarti	Whole-time Director & CEO, Executive Director	6	4	Yes	1	1	-
3	Mr. Arun K. Thiagarajan	Non Executive and Independent Director	6	6	Yes	6	4	2
4	Mr. Mathew Cyriac	Non Executive Director	6	4	No	7	1	-
5	Mr. Jitendrakumar H.Mehta	Non Executive and Independent Director	6	5	Yes	2	2	-
6	Dr. Yashwant S.Thorat	Non-Executive and Independent Director	6	4	Yes	7	2	3

1. Excludes Private limited Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956

2. Excludes alternate Directorships but includes Additional Directorships and Directorship in Gokaldas Exports Limited

3. Committees considered are Audit Committee and Stakeholders Relationship Committee, as per Clause 49 of the Listing Agreement.

Remuneration to Executive Directors

Rs in Lakhs

Name of the Director	Designation	Total
Mr. Gautam Chakravarti	Wholetime Director & CEO	135.00

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

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

Independent Directors are entitled to sitting fee only and are not entitled to any remuneration. During the financial year 2013-14, the sitting fees paid to Independent Directors is detailed below:

Rs. in Lakhs

Name	Board Meeting	Audit Committee	Shareholders Redressal Committee	Compensation Committee	Remuneration Committee	Total
Mr. Arun K.Thiagarajan	1.20	0.80	0.20	0.40	0.20	2.80
Mr. Jitendrakumar H.Mehta	1.00	0.60	NA	0.40	NA	2.00
Dr. Yashwant S.Thorat	0.80	0.40	NA	NA	0.20	1.40

Code of Conduct

In compliance with the Clause 49 (1) (d) of the Listing Agreement, the Company has adopted a Code of conduct and Ethics for the Board of Directors, officers and employees of the Company. The said Code of Conduct and Ethics is posted on the website of the Company: <http://www.gokaldasindia.com>. The code is circulated to all the members of the Board, Officers and Employees of the Company on an annual basis and compliance of the same is affirmed by them on or before 31st March of every year.

DECLARATION ON CODE OF CONDUCT

To,

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

This is to confirm that the Company has adopted "Gokaldas Export Group Code of Conduct and Ethics" herein after referred as "Code of Conduct" for its employees including the officers and Board Members. In addition, the

CORPORATE GOVERNANCE REPORT

Company has adopted the Code of Conduct and Ethics for its Subsidiaries and Associate Companies.

The Code of Conduct is posted on the Company's website, <http://www.gokaldasindia.com>.

In accordance with Clause 49 (1) (d) of the Listing Agreement with the Stock Exchanges, I hereby conform that all the directors, officers and employees of the company have affirmed compliance to their respective Codes of Conduct and Ethics, as applicable to them for the financial year ended March 31, 2014.

Place : Bengaluru

Date : Aug 13, 2014

Sd/
Gautam Chakravarti
Wholetime Director & Chief Executive Officer

Committees of the Board

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

Presently, the Board has five committees:

1. Audit Committees
2. Shareholders Grievances Redressal Committee
3. Remuneration Committee
4. Compensation Committee
5. Corporate Social Responsibility Committee

1. Audit Committee

1.1 The Audit Committee of the Company is constituted in line with the provisions of the clause 49 of the Listing Agreements entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956 ("Act")

Constitution of Audit Committee:

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

1. Mr. Arun K. Thiagarajan
2. Mr. Jitendrakumar H.Mehta
3. Dr. Yashwant S.Thorat

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

During the financial year ended March 31, 2014, 4 (Four) Meetings of the Audit Committee were held on May 20, 2013, July 31, 2013, November 11, 2013 and February 1, 2014. The composition of the Audit Committee and the number of meetings attended during the year under review are as under:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Arun K. Thiagarajan	4	4
Mr. Jitendrakumar H. Mehta	4	3
Dr. Yashwant S. Thorat	4	2

Terms of Reference of the Audit Committee

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with the external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices;
 - Major accounting entries based on exercise of judgment by management;

CORPORATE GOVERNANCE REPORT

- Qualifications in draft audit report;
 - Significant adjustments arising out of audit;
 - The going concern assumption;
 - Compliance with accounting standards;
 - Compliance with stock exchange and legal requirements concerning financial statements;
 - Any related party transactions as per Accounting Standard 18.
 - Reviewing the Company's financial and risk management policies.
 - Disclosure of contingent liabilities.
 - Reviewing with the management, external and internal auditors, the adequacy of internal control systems
 - Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
 - Discussion with internal auditors of any significant findings and follow-ups thereon.
 - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure or internal control systems of a material nature and reporting the matter to the Board.
 - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 1.2 The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the secretary to the Audit Committee.

2. Shareholders/Investors Grievance Committee – Re- constitution of Committee

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

During the year under review, one Meeting of the Shareholders Grievance Redressal Committee was held on February 1st, 2014 in compliance with the provisions of the Companies Act, 1956.

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

The Shareholders Grievance Committee is primarily responsible for Redressal of shareholders'/investors'/ Security holders' grievances including complaints related to transfer of shares, non-receipt of declared dividends, annual reports etc.

*The Board at its meeting held on May 10th, 2014 reconstituted this Committee as Stakeholders' Relationship Committee in Compliance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Committee is to examine and redress shareholders' and investors' complaints. The status of complaints and share transfers is reported to the Board.

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

Monitor implementation of the Company's code of Conduct for prohibition of Insider Trading.

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

No. of Shareholders complaints pending as at April 01, 2013	Nil
No. of Complaints relating to Non-receipt of dividend warrants, Redemption / Interest warrants, Annual Reports, Share certificates, endorsement stickers, change of address, deletion of name and others received during the year April 01, 2013 to March 31, 2014	1
No. of Shareholders complaints resolved during the year April 01, 2013 to March 31, 2014	1
No. of Shareholders complaints pending as on March 31, 2014	Nil

CORPORATE GOVERNANCE REPORT

Secretarial Audit for Reconciliation of Capital

A Secretarial Audit was carried out by a qualified Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors.

3. Remuneration Committee– Re- Constitution of the Committee*

Our Remuneration Committee ("the Committee") currently comprises three independent Directors:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Jitendrakumar H Mehta Chairman	1	-
Mr. Arun K Thiagarajan	1	1
Dr. Yashwant S Thorat	1	1

The Remuneration Committee Meeting was held on May 20th, 2013 during the year 2013 -14

*The Board at its meeting held on May 10th, 2014 reconstituted this Committee as **Nomination and Remuneration Committee** in Compliance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

Terms of Reference:

To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.

To carry out evaluation of Directors' performance.

To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key Managerial Personnel and other employees.

To formulate the criteria for evaluation of Independent Directors and the Board.

To recommend/review remuneration of the Managing Director(s) and Whole-Time Director(s) based on their performance and defined assessment criteria.

To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

To perform such other functions as may be necessary or appropriate for the performance of its duties including carrying out any other functions within its terms of reference as outlined in Clause 49 of the listing Agreement and section 178 of the Companies Act, 2013.

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

4. Compensation Committee

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

GEL ESOS Scheme 2010 was approved by the members at the Annual General Meeting held on September 17, 2010. Compensation Committee was constituted on August 2, 2010.

As on March 31, 2014, the members of the Compensation Committee are:

1. Mr J. H. Mehta, Chairman
2. Mr. Arun K. Thiagarajan
3. Mr. Gautam Chakravarti

The Compensation Committee met on May 20th 2013 and February 1st, 2014 and ESOSs were granted to the identified employees.

CORPORATE GOVERNANCE REPORT

5. Corporate Social Responsibility Committee

Currently the Committee consists of three Directors - Dr. Yashwant S Thorat as Chairman, and Mr. Richard B Saldanha and Mr. Gautam Chakravarti as Members of the Committee.

The Corporate Social Responsibility (CSR) committee was constituted by the Board at its meeting held on May 10th, 2014 considering requirements of the Companies Act, 2013 relating to the constitution of a Corporate Social Responsibility Committee.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy'.

Adoption of Mandatory & Non-Mandatory requirements of Clause 49

The Company has adopted following non-mandatory requirements of Clause 49 of the listing Agreement and the Companies Act 2013

The Board: The Chairman is a Non- Executive Director who is entitled to reimbursement of expenses incurred in the performance of his duties.

Audit qualification: The Company is in the regime of unqualified financial statements.

Separate Posts of Chairman and CEO: The Post of the Chairman and CEO of the Company are held by separate persons.

Reporting of Internal Auditor: The Internal Auditor of the Company reports directly to the Audit Committee.

Remuneration Committee: The Company has Constituted a "Nomination and Remuneration Committee" meeting the requirements of Clause 49 of the Listing Agreement and the Companies Act, 2013.

Training of Board Members

All new Non-Executive Directors inducted to the Board are introduced to the Company culture with appropriate orientation sessions. The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board and Board Committee Meetings on business and performance updates of the Company, global business environment, business strategy and risks involved.

Risk Management:

The Board reviews the Company's risk management practices and policies periodically. This includes comprehensive review of various risks attached to the company's business for achieving key objectives and actions taken to mitigate them. The Board reviews and advises on risk management aspects inter alia in the areas of leadership development, information security, project management and execution risks, contracts management risks, financial risks, forex risks and geopolitical risks.

Subsidiary Companies Monitoring Framework:

All the Company's subsidiaries are wholly owned Subsidiaries with their Boards having rights and obligations to manage such Companies in the best interest of the stakeholders. The Company does not have any material unlisted subsidiary and hence is not required to nominate an independent Director of the Company on the Board of any subsidiary. The Audit Committee reviews the financial statements; in particular investments made by unlisted subsidiary companies, Minutes of the Board meetings of unlisted subsidiary companies are placed and reviewed periodically by the Company's Board. A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board.

Disclosures

Disclosures on materially significant related party transactions

The related party transactions during the year ended March 31, 2014 have been listed in the notes to the accounts. Shareholders may please refer the same. However, these are not in conflict with the interests of the company at large. There are no material individual transactions which are not in the normal course of business.

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

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

CORPORATE GOVERNANCE REPORT

General Body Meeting

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

Financial Year	Day, date & Time	Location
2010-11	Friday, September 9, 2011, 11.30 AM	NIMHANS Conventional Hall, Hosur Road, Bangalore – 560 029
2011-12	Tuesday, September 4, 2012, 11.30 A.M	NIMHANS Conventional Hall, Hosur Road, Bangalore - 560 029
2012-13	Monday, September 23, 2013, 11.30 A.M	Sri. Shivarathreeshwara Centre, JSS Circle, 1st Main, 38th Cross, 8th Block, Jayanagar, Bangalore - 560070

Special Resolutions passed during the last 3 Years

Date of AGM	Number of Special Resolutions	Details of Special Resolution passed
Friday, September 9, 2011	2	To appoint Mr. Gautam Chakravarti, as Whole-time Director & Chief Executive Officer of the Company for 3 years with effect from April 1, 2011 to March 31, 2014. To issue stock options to the employees (including the Directors of the Company whether Whole-time Directors or not) of the Company under GEL-ESOP Scheme 2010.
Tuesday, September 4, 2012	Nil	Nil
Monday, September 23, 2013	1	To appoint Mr. Gautam Chakravarti, as Whole-time Director & Chief Executive Officer of the Company for 3 years with effect from April 1, 2014 to March 31, 2017.

Postal Ballot

Sr. No.	Type of Resolution	Particulars
1	Special Resolution	Special Resolution: Under Section 31 of the Companies Act, 1956, for altering, substituting, amending, inserting, deleting and modifying the existing Articles in the Articles of Association of the Company.

The approval of the shareholders was sought through a postal ballot pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 for the year ended March 31, 2013 for passing of the following Special Resolution.

Insider Trading

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

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

Auditor's Certificate on Corporate Governance

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

CEO / CFO Certificate

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

Means of Communication

The annual audited financial results, the quarterly / half yearly unaudited financial results are generally published in the Financial Express and Samyukta Karnataka (a regional daily published from Bangalore).

Investor Grievances and Share Transfer

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

CORPORATE GOVERNANCE REPORT

General Shareholder information:

Annual General Meeting	NIMHANS Conventional Hall, Hosur Road, Bangalore - 560 029
Date of AGM	29th September, 2014, Monday, 11:30 A.M
Date of Book Closure	September 24, 2014 (Wednesday) to September 29, 2014 (Monday)
Financial Results Calendar (tentative)	Second week of August, 2014 - Unaudited Results for the quarter and three months ended June 30, 2014. Second week of November, 2014- Unaudited Results for the quarter and sixmonths ended September 30, 2014. First week of February, 2015 - Unaudited Results for the quarter and nine months ended December 31, 2014. Fourth week of May, 2015 - Audited Results for the year ended March 31, 2015
Listing on Stock Exchanges	National Stock Exchange, Mumbai (Scrip Code - GOKEX) Bombay Stock Exchange, Mumbai (Scrip Code - 532630)
International Securities Identification Number (ISIN)	INE887G01027
Corporate Identification Number (CIN)	L18101KA2004PLC033475

Listing Fee

The Company has paid annual listing fees, as prescribed, to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, Mumbai for the Financial Year 2014-15.

Custodial Fee

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No.MRD/DoP/SE/DEP/CIR-4/2005 dated 28th January, 2005 and MRD/DoP/SE/DEP/CIR-2/2009 dated February 10, 2009, Issuer Companies are required to pay custodial fees to the depositories. Accordingly, the Company has paid custodial fee for the year 2014-15 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on 31st March 2014.

Registrar & Share Transfer Agents:

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

Karvy Computershare Private Limited

Plot No.17-24, Vithal Rao Nagar,
Madhapur, Hyderabad - 500 081
Tel: +91 40 44655000, Fax: + 91 40 2342 0814
E-mail: einward.ris@karvy.com, www.karvycomputershare.com
Contact person: Ms. Shobha Anand / Ms. Vasuki. V

Share Transfer System:

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

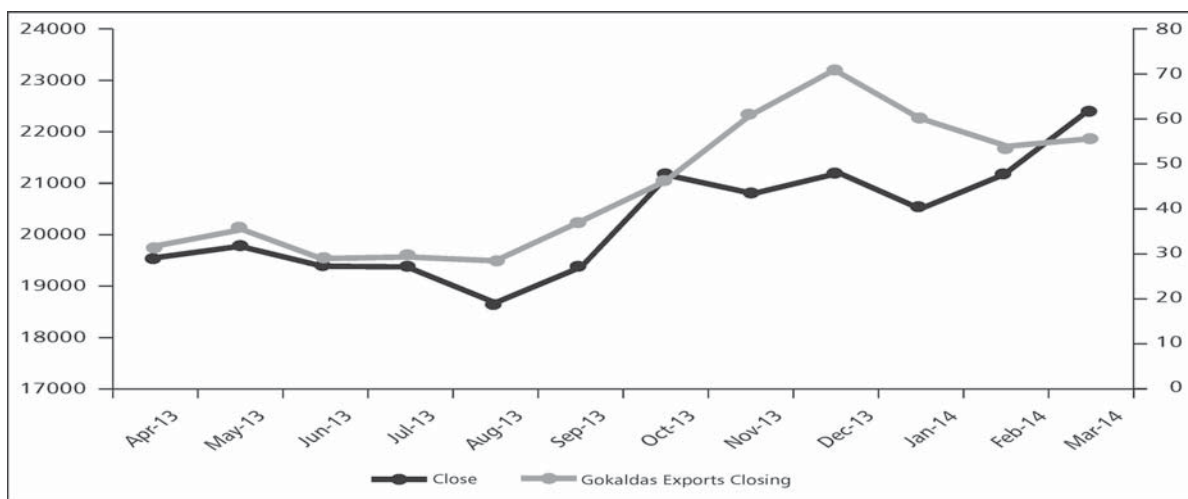
CORPORATE GOVERNANCE REPORT

Stock price Data:

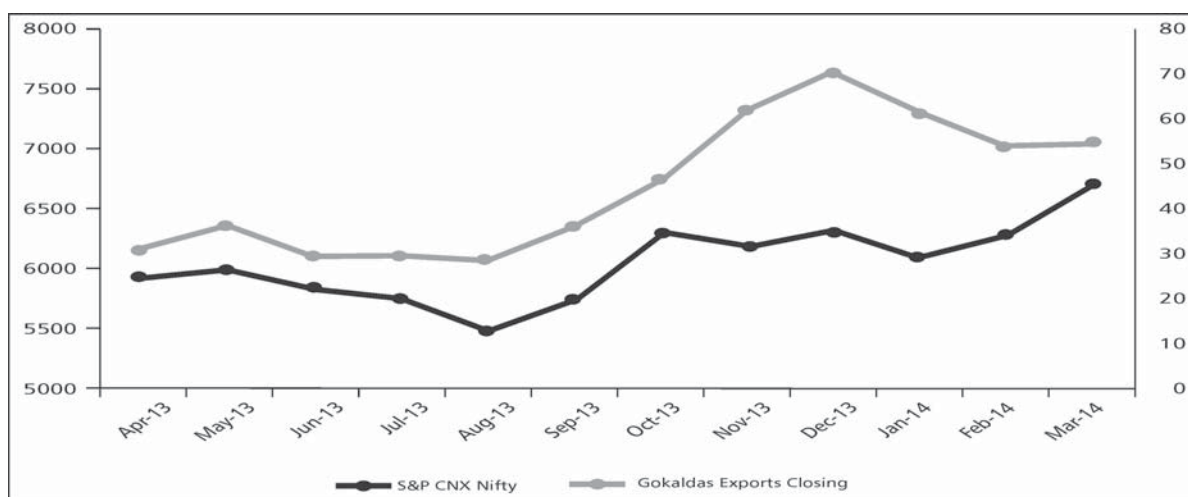
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs)	Low (Rs)	No of shares traded	High (Rs)	Low (Rs)	No of shares traded
April-13	31.85	31.00	361	32.15	30.60	1853
May-13	39.00	34.75	440	38.65	34.75	476
Jun-13	31.45	28.20	761	30.50	28.15	2600
Jul-13	30.40	28.90	2478	29.75	28.45	3737
Aug-13	29.65	28.25	3280	29.80	27.00	2222
Sep-13	38.55	36.50	220	38.00	35.50	500
Oct-13	48.55	46.10	1932	48.35	46.20	6284
Nov-13	60.80	60.00	5019	61.70	59.80	12401
Dec-13	75.50	71.00	2124	76.20	70.55	13957
Jan-14	59.90	56.60	579	62.70	58.05	580
Feb-14	57.65	53.25	3404	55.90	53.10	4536
Mar-14	57.50	53.3	47	55.50	52.90	3695

Stock Performance:

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



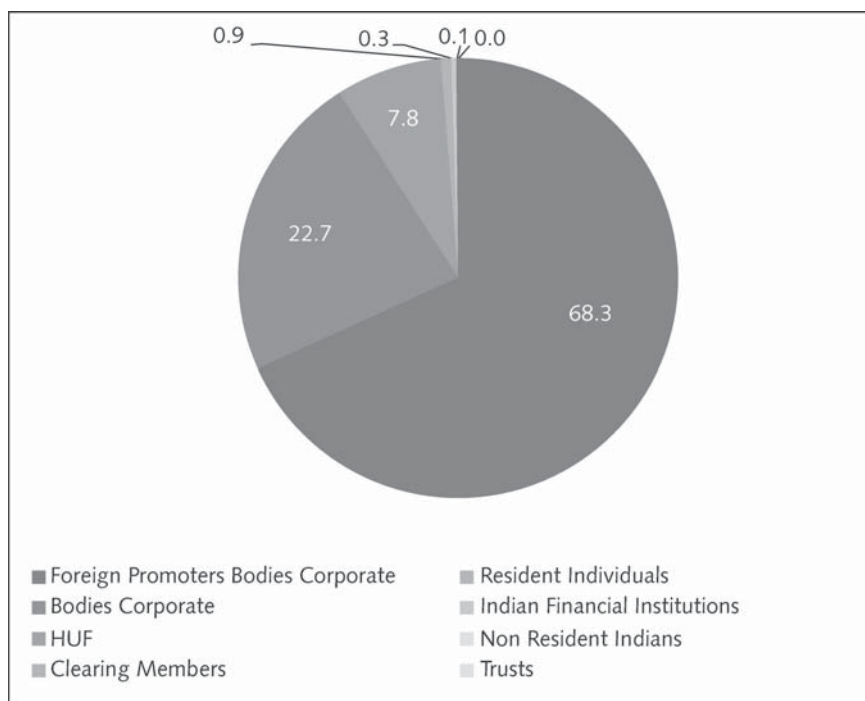
NSE – S&P CNX NIFTY V/s Gokaldas Exports Share Price (Monthly Closing)



CORPORATE GOVERNANCE REPORT

Shareholding Pattern as on March 31, 2014:

Sno	Description	No. of Shareholders	Total Shares	%Equity
1	Foreign Promoters Bodies Corporate	1	234,69,242	68.27
2	Resident Individuals	9269	77,92,392	22.67
3	Bodies Corporate	214	26,68,681	7.76
4	Indian Financial Institutions	1	2,99,484	0.87
5	H U F	357	1,04,539	0.30
6	Non Resident Indians	106	29,252	0.09
7	Clearing Members	23	12,410	0.04
8	Trusts	0	0	0.00
	Total:	9971	34,376,000	100.00



Top ten shareholders of the company as on March 31, 2014

Sl. No.	DP Id	Folio/ Client ID	Name of concern/ person	Shares	% Equity
1	IN301348	20015218	Blackstone FP Capital Partners (Mauritius) V- B Subsidiary Ltd.	23,469,242	68.27
2	IN301549	33506698	Dinesh J Hinduja	2,151,634	6.26
3	IN301926	30583435	Rajendra J Hinduja	1,914,138	5.57
4	IN301549	34942595	Madanlal J Hinduja	1,879,177	5.47
5	IN302927	10137278	Shinano Retail Private Limited	1,413,513	4.11
6	IN302927	10121536	Ojasvi Trading Private Limited	867,000	2.52
7	IN301926	30583484	Aswin R Hinduja	377,596	1.10
8	IN300812	10000012	Life Insurance Corporation of India	299,484	0.87
9	IN301549	37418034	Khushboo Rajiv Poddar	65,000	0.19
10	IN300693	10173568	Mihika Industries Limited	41,000	0.12

CORPORATE GOVERNANCE REPORT

Distribution of Shareholding on March 31, 2014:

Slno	Category (Shares)	No. of Holders	% To Holders	Total Shares	Amount	% of Amount
1	1 - 5000	9703	97.31	754,421	3,772,105	2.19
2	5001 - 10000	118	1.18	173,368	866,840	0.50
3	10001 - 20000	68	0.68	189,198	945,990	0.55
4	20001 - 30000	21	0.21	112,399	561,995	0.33
5	30001 - 40000	13	0.13	91,576	457,880	0.27
6	40001 - 50000	16	0.16	147,426	737,130	0.43
7	50001 - 100000	15	0.15	217,028	1,085,140	0.63
8	100001 and above	17	0.17	32,690,584	163,452,920	95.10
	TOTAL:	9971	100.00	34,376,000	171,880,000	100.00

Dematerialization of shares and Liquidity as on March 31, 2014:

Sl. No.	Category	No. of Holders	Total Shares	% To Equity
1	PHYSICAL	37	619	0.00
2	NSDL	7690	33,773,125	98.25
3	CDSL	2244	602,256	1.75
	Total:	9971	34,376,000	100.00

No of Shares in Demat form as on March 31, 2014

No of Shares	% of Shares	No of Shareholders	% of Shareholders
34,375,411	100.00	9934	99.65%

Plant Location

Sl. No. Address	Sl. No. Address
1. Atlantic Apparels – III – Hyderabad Survey No. A-7/1, Nacharam, Rangareddy District, Hyderabad. Andhra Pradesh	8. Gokaldas Exports Ltd, R & D - III # 76/1, II & III Floor, Mission Road, Kalingarao Road, Bengaluru-560 027. Karnataka
2. Carnival Clothing Co, No.2/A-1, Chikkaveeranna Road Cross, Bannimantap Etn, Mysore – 15, Karnataka	9. Gokaldas Exports Ltd Sez Division, Plot No.6/1, Phase - 2, Mepz - Sez, Tambaram, NH - 45, Chennai - 600 045. Tamil Nadu
3. Carnival clothing company-II Benganur Village Bangarpet - KGF Road, Bangarpet, Karnataka	10. Global Garments -Unit-I No.17/1-38/4 Industrial Suburb, Bengaluru, Karnataka
4. Dressmaster Suits, No.76/77, 6th Main, 3rd Phase, Peenya Industrial Area, Bengaluru - 560 058, Karnataka	11. Global Garments -Unit-II At Ring Road, near Gubbi Gate Ring Road Circle, Tumkur - 572 101, Karnataka
5. Euro Clothing Co - I, No.122/1, Doddabidarakallu Village, Yeshwanthpur – 560 022 Bengaluru. Karnataka	12. Global Garments-III, No.44, 3rd Cross, Industrial Suburb, Yeshwanthpur, Bengaluru-560 022. Karnataka
6. Euro Clothing Company II T.B.Road Srirangapatna, Mandya, Karnataka	13. Gokaldas India, No.21C & 21B, Survey No.34,35,36 & 37, Nallakadarahanahalli, Peenya II Stage, Industrial Area, Peenya, Bengaluru-560 058. Karnataka
7. Gokaldas Exports Ltd, R & D -I No.70, Mission Road, Bengaluru-560 027, Karnataka	14. Hinduja Proc & Fins Unit, No.2, 5th Cross, Mysore Road, Bengaluru-560 023. Karnataka

CORPORATE GOVERNANCE REPORT

Sl. No. Address	Sl. No. Address
15. Hinduja Sports Wear, No.73/19/5, Industrial Suburb, Yeshwanthpur, Bengaluru-560 022. Karnataka	23. Sri Krishna Industries, No.25/26, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bengaluru-560 022. Karnataka
16. International Clothing Company – I #B2, B3 & B4, Indl Estate, Madanapalli -517 325. Andhra Pradesh	24. Triangle Apparels-I, Site No.804/75, 7th Ward, Near Tilak Park Police Station, Jayapure Road, Tumkur - 01. Karnataka
17. International Clothing Company-II Survey No.113, Hongasandra Village, Begur Hobli, (Near Bhondary Factory) 7th Mile, Hosur Road, Bengaluru-560 068, Karnataka	25. Triangle Apparels-II, No.106/5,6,7,8,9, Rachenahalli, Arabic College Post, Bengaluru-560 045. Karnataka
18. The Intex II, #26, 2nd Cross, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bengaluru-560 022 Karnataka	26. Triangle Apparels – VI, # 25/26, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bengaluru – 22, Karnataka
19. Indigo Blues, Plot No-2, KIADB Industrial Area, Doddaballapur - 581 203. Karnataka	27. The Unique Creations, No.44, Industrial Suburb, 3rd Main, II Stage, Yeshwanthpur, Bengaluru-560 022, Karnataka
20. J.D.Clothing Company, No.9, Rajajinagar Industrial Estate, Bengaluru-560 010. Karnataka	28. Venkateshwara Clothing Company – II No.10, KHB, Colony Industrial Area, Yelahanka, Bengaluru - 64. Karnataka
21. Luckytex Unit-I No.17/A-34/A-1 Industrial Suburb, Bengaluru, Karnataka	29. Wearcraft Apparels – I No.17/1-38/4-1, Industrial Suburb, Yeshwanthpur, Bengaluru-560 022. Karnataka
22. Luckytex-III, No.17/A-34/A-1, Industrial Suburb, Yeshwanthpur, Bengaluru-560 022. Karnataka	30. The Wearwel I & II Industrial Estate N.H-206, Tiptur, Karnataka

Address for Correspondence

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

Registrar and Transfer Agent:

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

CORPORATE GOVERNANCE REPORT

CEO AND CFO CERTIFICATE

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

- 1) We have reviewed the Balance Sheet and Profit and Loss account (standalone and consolidated), and all the schedules and notes on accounts, as well as the Cash Flow Statements and the Directors' Report.
- 2) Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made.
- 3) To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
- 4) We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
 - (i) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - (ii) To provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.
 - (iii) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
 - (iv) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
- 5) We have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions):
 - a. There were no deficiencies in the design or operation of internal controls, that could adversely affect the company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
 - b. There were no significant changes in internal controls during the year covered by this report.
 - c. All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - d. There were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
- 6) We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of conduct for the current year.

For Gokaldas Exports Limited

Place: Bengaluru
Date: 13 August, 2014

Gautam Chakravarti
Chief Executive Officer

Sumit Keshan
Chief Financial Officer

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 March 31, 2014, as stipulated in clause 49 of the Listed 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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

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

Place : Bengaluru
Date : 13 August, 2014

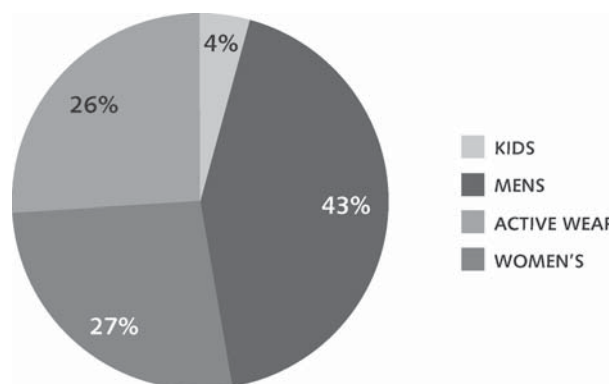
MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Gokaldas Exports Limited (GEL) is one of the leading apparel exporters of India serving large global retailers since its inception in the year 1978. GEL, an ISO 9001:2001 certified company, operates from 30 units spread across states of Karnataka, Tamil Nadu and Andhra Pradesh and has installed capacity to produce more than 2.5 million garments per month. GEL provides employment to 28,000 people.

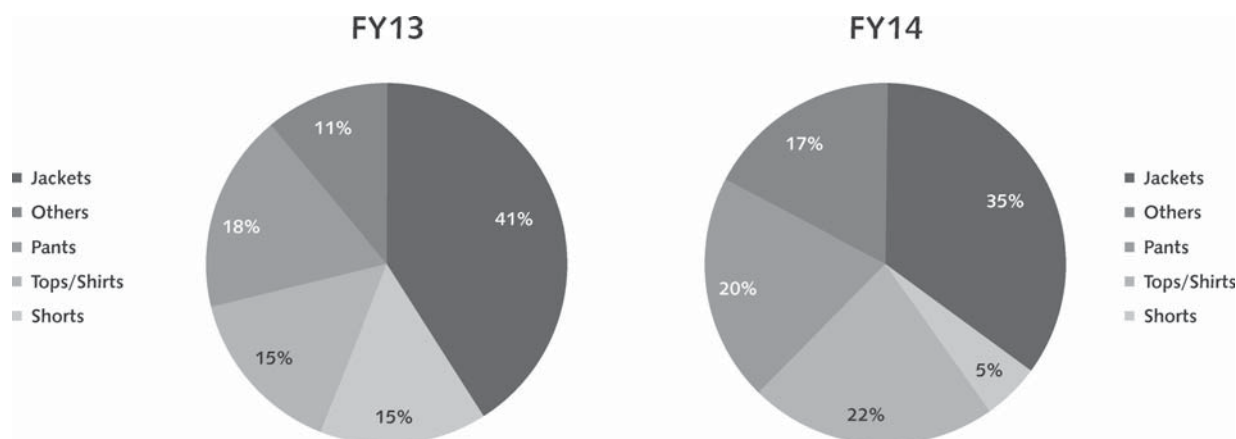
GEL blends its manufacturing expertise with state of the art design capabilities to provide multiproduct offerings; sustained reliability weaved with consistent quality to meet changing demands from customers at right cost: from design to delivery.

GEL has a diversified product portfolio across various categories of garments for men, women and children. GEL's expertise lies in manufacturing outerwear which very few manufacturers in India can match. Below chart depicts various categories catered to by GEX:



The following graph shows the product mix of past two years. Below exhibit illustrates the wide range of products to meet our customer needs and continuously build upon our capabilities to cater to the changing market requirements.

Category Movement



Industry Scenario

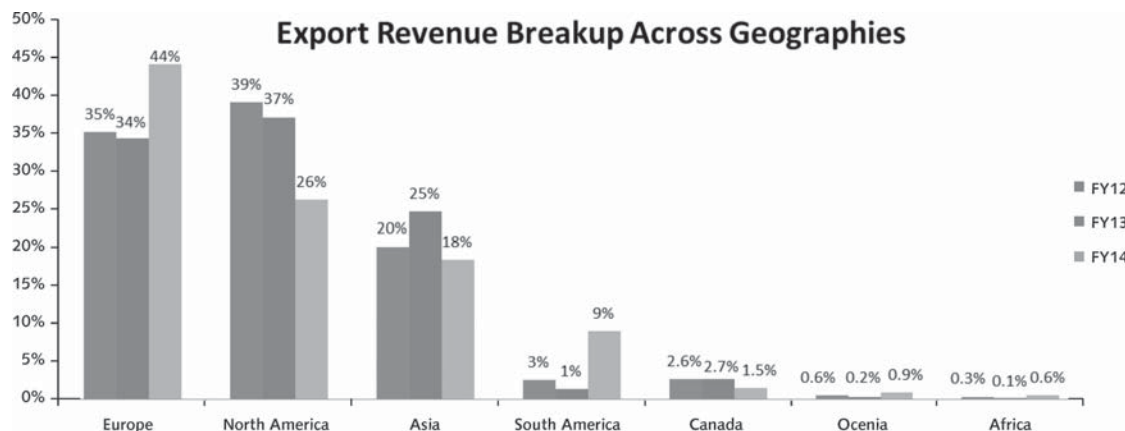
There is a continued trend of business moving into South East Asian countries, thereby increasing the share of global business to these countries. There are indications of some space been vacated by China, due to rising costs in this country, which is being taken by Vietnam, Indonesia, Bangladesh and India.

Globally there is a thrust from the apparel manufacturers to spread their business to more regions to manage risks.

Our geo-wise revenue share has increased from European countries and Latin American region, with declines in North America and Asia. Our focus on LatAm region is showing results.

MANAGEMENT DISCUSSION AND ANALYSIS

Our revenue share from various geographical locations in 2011-12, 2012-13 and 2013-14 is given below-



Overall there has not been any upward movement in global demand for our sector; in fact some of the key countries have shown sharp reduction. This has led to volume and pricing pressures starting at retail outlet level and impacting entire supply chain with perhaps the largest impact being felt by the manufacturers. Coupled with this, inflation in India has hurt us significantly. In addition, intensity of competition from countries like Bangladesh, Vietnam and Indonesia continued to be felt in this fiscal.

Opportunities and Challenges

India's textile industry is one of the leading textile industries in the world, exporting to over 100 countries. It contributes a significant 17% to India's overall export earnings and employs over 35 million people directly, making it the second largest source of employment after agriculture in the country.

The U.S apparel market is the largest in the world, comprising of about 28 percent of the global total and has a market value of about 331 billion U.S dollar.

With India's market share at ~4% of global apparel trade, it has enormous opportunity to grow.

- India has a large fiber base; it is the 3rd largest cotton producing country in the world (second only to US and China).
- The country has developed a large spinning and weaving industry, it is the 2nd largest cotton yarn exporter
- The country has a large pool of skilled labor
- The industry has developed design and product development capabilities
- The country has developed an integrated and efficient supply chain
- The country has higher compliance standards as compared to some of the Asian counterparts.
- Unlike its competition in Asia, India has a stable political and social environment, which is attractive to buyers in North America and Europe
- The growing domestic demand is a big opportunity which can be capitalized by the industry.

Macroeconomic scenario:

- Rising wage costs in China is leading to it becoming uncompetitive in the market. They are more and more focusing on their internal demand. There is a trend of business moving from China to other SE Asian countries.
- Growing opportunities in North China is leading to migration of workers and business to the North. This is making it more expensive to transport goods from inland China to the coast
- Bangladesh exports growing at a healthy pace
- Bangladesh exports continue to enjoy duty benefits for imports in certain European countries.

Challenges:

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

- Demand from western countries not really picking up , continuous to be uncertain
- Continuing pricing pressures due to uncertain consumer sentiment and ripple effect across the value chain
- Wage and cost inflation- wage costs continue to rise on account of increased minimum wages and availability of skilled labor at competitive prices

MANAGEMENT DISCUSSION AND ANALYSIS

It can be seen from the below table, Exports to USA from India has grown by 6% in FY14 over FY13. Overall the shares of these five countries have been stable in FY14 as compared to FY13.

USA Apparel Imports from Key countries

Country	USD mn Year FY 2013	USD mn Year FY 2014	Growth over FY13	Market Share in 2013	Market Share in 2014
India	3,041	3,212	6%	4%	4%
Bangladesh	4,470	4,948	11%	6%	6%
China	29,060	29,783	2%	38%	37%
Vietnam	7,101	8,126	14%	9%	10%
Indonesia	4,935	4,975	1%	6%	6%
World	76,811	79,798	4%	100%	100%

**Source- Ministry of Commerce, US. Government*

Key Focus Areas

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

1. Top line growth – Strong focus on growing the top line by increasing share of business with existing customers as well focus on getting new strategic customers
2. Focus on increasing the share of product categories of Tops&Jackets
3. Continue to be aggressive in the domestic market
4. Target increase of business in Latin America for diversification and growth
5. Improvement in operational efficiencies
6. Sustained focus on financial management and profitability improvement

Risks and concerns

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

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

Any change in government policies which adversely impacts us may hurt our competitiveness

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

Internal control systems and their adequacy

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

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

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

Financial Highlights

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and

MANAGEMENT DISCUSSION AND ANALYSIS

generally accepted accounting principles (GAAP) in India. The management accepts the responsibility for the integrity and objectivity of these financial statements and the basis for the various estimates and judgments used in preparing the financial statements.

Some of the key performance indicators are given below

Particulars (Consolidated)	Rs in Lacs	
	2012-13	2013-14
Gross Revenue	98,979	1,14,709
Profit Before Tax (PBT)	(10,813)	(373)
Ratio of PBT to Gross Revenue	-10.9%	-0.3%
Profit After Tax	(10,944)	(670)
Ratio of PAT to Gross Revenue	-11.0%	-1%
Earnings Per Share (EPS) Rs.	(31.8)	(1.95)

Human Resources

We believe that people are our greatest asset and we compete for business through the people we employ. Various learning and development initiatives have been undertaken during the year to strengthen the human capital of the company. Periodic skill up-gradation has been a continuous process.

The HR processes and employee engagement activities supplement the facilitation of better performance and skill evaluation, higher employee satisfaction and skill and career development of our employees.

As in the past, the industrial relations continue to remain cordial at all factories / units of the Company. The Company has around 28,000 employees as on March 31, 2014.

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Gokaldas Exports Limited

Report on the Financial Statements

We, Girish Murthy & Kumar and S.R.Batliboi & Co. LLP have audited the accompanying financial statements of Gokaldas Exports Limited ("the Company"), which comprise the balance sheet as at March 31, 2014, the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act"), read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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;

INDEPENDENT AUDITOR'S REPORT

- (c) The balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the balance sheet, the statement of profit and loss and the cash flow statement comply with the Accounting Standards notified under the Act, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs; and
- (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 0009345

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

Place: Bengaluru
Date: May 10, 2014

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

per Navin Agrawal
Partner
Membership No: 56102

Place: Bengaluru
Date: May 10, 2014

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 1 of our report of even date

Re: Gokaldas Exports Limited ('the Company')

- i.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, *but the location details are in process of being updated for certain fixed assets.*
 - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - (c) There was no disposal of a substantial part of fixed assets during the year.
- ii.
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii.
 - (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
 - (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services, including sale of surplus inventories for which management is taking steps to further strengthen the process. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v.
 - (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the 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 and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act, related to the manufacture of apparel and clothing, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- ix.
 - (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been serious delay in payment of dues to Investor Education and Protection Fund.*
 - (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 material 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 statute	Nature of dues	Demand Amount (Rs. in lakhs)	Amount paid (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Various disallowances	278.43	130	AY 1995-96	Income Tax Appellate Tribunal
		3.13	3.13	AY 2009-10	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service tax demand	1.10	1.10	FY 2005-06	Central Excise and Service Tax Appellate Tribunal (CESTAT)
The Karnataka Municipal Corporations Act, 1976	Property tax	165.81	25.37	FY 2008-09 to 2012-13	-
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Penal interest etc.	30.05	5.00	June to August 2008	Employees Provident Fund Tribunal

- x. *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash loss during the year. In the immediately preceding financial year, the Company had incurred cash loss.*
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues in respect of a financial institution and has not issued any debentures.
- xii. According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, *we report that funds amounting to Rs. 1,856.08 lakhs raised on short term basis, have been used for long term investment, mainly towards funding of losses.*
- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money during the financial year through public issue.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 0009345

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

Place: Bengaluru
Date: May 10, 2014

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

per Navin Agrawal
Partner
Membership No: 56102

Place: Bengaluru
Date: May 10, 2014

BALANCE SHEET AS AT MARCH 31, 2014

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2014	March 31, 2013
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	4	1,718.80	1,718.80
Reserves and surplus	5	10,412.60	10,496.13
		12,131.40	12,214.93
Non- current liabilities			
Long-term borrowings	6	6,416.00	-
Long-term provisions	7	688.19	484.87
		7,104.19	484.87
Current liabilities			
Short term borrowings	8	24,489.87	31,166.38
Trade payables	9	11,418.03	11,711.07
Other current liabilities	9	5,292.95	6,178.94
Short term provisions	7	343.94	434.44
		41,544.79	49,490.83
		60,780.38	62,190.63
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	15,754.26	18,625.76
Intangible assets	10	91.48	136.12
Capital work-in-progress		18.88	19.37
		15,864.62	18,781.25
Non-current investments	11	3,218.43	3,218.43
Long-term loans and advances	12	1,540.08	1,427.52
Other non-current assets	13	468.54	90.69
		21,091.67	23,517.89
Current assets			
Current investments	14	-	1,000.00
Inventories	15	20,191.73	24,433.92
Trade receivables	16	9,740.57	7,799.44
Cash and bank balances	17	3,450.40	1,386.00
Short-term loans and advances	12	2,138.82	1,483.24
Other current assets	13	4,167.19	2,570.14
		39,688.71	38,672.74
		60,780.38	62,190.63
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 000934S

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

Place: Bengaluru
Date: May 10, 2014

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

per Navin Agrawal
Partner
Membership No: 56102

Place: Bengaluru
Date: May 10, 2014

**For and on behalf of the
Board of Directors
Gokaldas Exports Limited**

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

Ramya Kannan
Company Secretary
Place: Bengaluru
Date: May 10, 2014

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED MARCH 31, 2014

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2014	March 31, 2013
INCOME			
Revenue from operations (gross)	18	111,185.76	98,640.67
Less: excise duty		-	1,684.46
Revenue from operations (net)		111,185.76	96,956.21
Other income	19	1,528.62	331.57
		112,714.38	97,287.78
Expenses			
Cost of materials consumed	20	56,923.27	52,640.38
(Increase) / decrease in inventories of finished goods and work-in-progress	21	407.56	(2,022.75)
Employee benefits expense	22	11,392.62	12,370.84
Other expenses	23	38,190.35	38,636.25
Depreciation and amortisation expense	24	2,485.49	3,097.15
Finance costs	25	3,996.19	3,753.21
		113,395.48	108,475.08
Loss before tax		(681.10)	(11,187.30)
Tax expense:			
MAT credit written off		40.32	-
Tax of earlier years - charge / (credit)		-	0.74
		40.32	0.74
Net loss for the year		(721.42)	(11,188.04)
Earnings/(Loss) per equity share [nominal value per share : Rs. 5 (2013 - Rs. 5)]			
Basic and Diluted		(2.10)	(32.55)
Weighted average number of shares used in computing basic and diluted earning/(loss) per equity share		34,376,000	34,376,000
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 000934S

per A.V. Satish Kumar
Partner
Membership No. F-26526
Place: Bengaluru
Date: May 10, 2014

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

per Navin Agrawal
Partner
Membership No: 56102
Place: Bengaluru
Date: May 10, 2014

**For and on behalf of the
Board of Directors
Gokaldas Exports Limited**

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

Ramya Kannan
Company Secretary
Place: Bengaluru
Date: May 10, 2014

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

All amounts in Indian Rupees in lakhs, except stated otherwise

PARTICULARS	March 31, 2014	March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax	(681.10)	(11,187.30)
Adjustments		
Depreciation and amortisation expense	2,485.49	3,097.15
Provision for doubtful deposits and advances	71.82	221.55
Irrecoverable balances written off	67.66	147.02
Bad debts written off	19.46	22.17
Provision for doubtful debts	1,029.07	-
Unrealised foreign exchange losses / (gains) (net)	(28.88)	36.08
(Profit)/Loss on sale of fixed assets (net)	(931.60)	(31.03)
(Profit)/Loss on sale of investments	(65.46)	(56.28)
Interest expense	3,168.57	2,860.25
Excess provision of earlier years written back	(261.19)	-
Interest earned	(37.31)	(189.06)
Dividend on investments	-	(5.98)
Operating loss before working capital changes	4,836.53	(5,085.43)
(Increase)/Decrease in inventories	4,242.19	(7,623.38)
(Increase)/Decrease in trade receivables	(2,960.52)	(1,630.61)
(Increase)/Decrease in other non current assets	-	766.37
(Increase)/Decrease in other current assets	(959.54)	(452.75)
(Increase)/Decrease in long-term loans and advances	(109.32)	(103.43)
(Increase)/Decrease in short-term loans and advances	(795.06)	84.56
Increase/(Decrease) in trade payables	(305.37)	5,180.92
Increase/(Decrease) in other current liabilities	(304.95)	2,589.13
Increase/(Decrease) in long term provisions	203.32	111.99
Increase/(Decrease) in short term provisions	(90.50)	(79.05)
Cash Generated from /(used in) Operations	3,756.78	(6,241.68)
Direct taxes (paid) / refund received, net	(71.09)	(34.58)
Net Cash Flow from /(used in) operating activities	3,685.69	(6,276.26)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	37.69	253.28
Purchase of fixed assets, including CWIP and capital advances	(220.75)	(1,070.65)
Proceeds from sale of fixed assets	1,611.02	82.04
Dividends received	-	5.98
Deposits redeemed (maturity more than 3 months)	56.42	2,500.00
Deposits made (maturity more than 3 months)	(468.54)	(11.37)
Purchase of current investments	-	(1,005.98)
Proceeds from sale of current Investments	1,065.46	2,502.07
Net Cash Flow from / (used in) investing activities	2,081.30	3,255.37

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

All amounts in Indian Rupees in lakhs, except stated otherwise

PARTICULARS	March 31, 2014	March 31, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	6,600.00	-
Repayment of long-term borrowings	(526.00)	(864.00)
Proceeds from short-term borrowings	80,550.30	82,032.37
Repayment of short-term borrowings	(87,214.74)	(75,347.92)
Unclaimed dividend transferred to Investor education and protection fund	(0.47)	-
Interest paid	(3,145.95)	(2,864.45)
Net Cash Flow from / (used in) financing activities	(3,736.86)	2,956.00
D. Net Increase / (Decrease) in Cash & Cash Equivalents (A + B + C)	2,030.13	(64.89)
E. Cash and cash equivalents at the beginning of the year	1,329.58	1,394.47
F. Cash and cash equivalents at the end of the year	3,359.71	1,329.58
Components of Cash and Cash Equivalents		
Cash on hand	16.36	28.91
Balance with banks :		
-- in deposit account	1,600.00	850.00
-- in current accounts	1,742.75	449.60
-- in unpaid dividend accounts (restricted use)	0.60	1.07
Total cash and cash equivalents	3,359.71	1,329.58

Summary of significant accounting policies

2.1

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 000934S

per A.V. Satish Kumar
Partner
Membership No. F-26526
Place: Bengaluru
Date: May 10, 2014

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

per Navin Agrawal
Partner
Membership No: 56102
Place: Bengaluru
Date: May 10, 2014

**For and on behalf of the
Board of Directors
Gokaldas Exports Limited**

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

Ramya Kannan
Company Secretary
Place: Bengaluru
Date: May 10, 2014

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

1. Corporate Information

Gokaldas Exports Limited ('the Company') was incorporated on March 1, 2004 by converting the erstwhile partnership firm Gokaldas India under Part IX of the Companies Act, 1956 ('the Act'). 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 had been amalgamated with the Company, with April 1, 2004 being the appointed date. The Company currently operates a 100% Export Oriented Unit, a Domestic Tariff Area Unit and a Special Economic Zone Unit.

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

2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and complies in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Act, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. 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 and derivative financial instruments which have been measured at fair value. The accounting policies have been consistently applied by the Company with those used in the previous year.

2.1 Summary of Significant accounting policies

a) Use of estimates

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

b) Revenue recognition

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

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

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

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

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

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

c) Hedge accounting

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

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 the Company Law and other regulatory requirements.

Based on the recognition and measurement principles of hedge accounting set out in AS 30, the effective

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

portion on changes in the fair values of derivative financial instruments designated as cash flow hedges are recognized directly in reserves/ equity and are reclassified to the statement of profit and loss upon the occurrence of the hedged transaction. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the statement of profit and loss. Changes in fair value relating to derivatives not designated as hedges are recognized in the statement of profit and loss.

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

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

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

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

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

Assets individually costing Rs. 5,000 or less are depreciated at 100% per annum. Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower which ranges between 5 to 10 years. Intangible assets comprising Know-how (Process improvement costs) are amortized over 36 months.

e) Borrowing Costs

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

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

f) Impairment of tangible and intangible assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Inventories

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

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

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

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

h) Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

i) Government Grants and subsidies

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

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

j) Investments

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

k) Retirement and Other Employee Benefits

(i) Defined Contribution Plans:

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

(ii) Defined Benefit Plans:

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

(iii) Compensated absences:

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the basis of an actuarial valuation using the projected unit credit method at the year end. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

l) Taxation

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

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

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

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

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

m) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share - based Payments, issued by the Institute of Chartered Accountants of India. The Company accounts for stock compensation expense based on the intrinsic value of the options granted, determined on the date of grant. Compensation expense is amortized over the vesting period of the option on a straight - line basis. The accounting value of the options outstanding net of the Deferred Compensation Expense is reflected as Employee Stock Options Outstanding.

n) Accounting for leases

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

o) Provisions

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

p) Segment Reporting Policies

(i) Identification of segments:

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

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

(ii) **Basis of allocation:**

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

(iii) **Segment Policies:**

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

q) 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.

r) Contingent Liability

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

s) Cash and Cash equivalents

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

3. During the year, the Company continued to incur substantial losses i.e. Rs. 721.42 lakhs (2013 – Rs. 11,188.04 lakhs) and has accumulated losses of Rs 16,099.37 lakhs (2013- Rs. 15,377.95 lakhs) as at March 31, 2014. The management has taken several measures to cut costs and improve productivity and is reasonably confident of improved profitability in coming years. Based on the future business plan, the Company is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

	March 31, 2014	March 31, 2013
4 SHARE CAPITAL		
Authorised shares	2,000.00	2,000.00
40,000,000 (2013 : 40,000,000) equity shares of Rs. 5 each		
Issued, subscribed and fully paid-up		
34,376,000 (2013 : 34,376,000) equity shares of Rs. 5 each	1,718.80	1,718.80
	<u>1,718.80</u>	<u>1,718.80</u>

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

Equity shares	31 March 2014		31 March 2013	
	No.	Amount	No.	Amount
At the beginning of the year	34,376,000	1,718.80	34,376,000	1,718.80
Outstanding at the end of the year	34,376,000	1,718.80	34,376,000	1,718.80

(b) Terms/ rights attached to equity shares

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

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Equity shares of Rs. 5 each fully paid up	31 March 2014		31 March 2013	
	No.	Amount	No.	Amount
Holding company :				
Blackstone FP Capital Partners (Mauritius)	23,469,242	1,173.46	23,469,242	1,173.46
V-B Subsidiary Limited				

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

Equity shares	31 March 2014		31 March 2013	
	No.	Shareholding %	No.	Shareholding %
Blackstone FP Capital Partners (Mauritius)	23,469,242	68.27%	23,469,242	68.27%
V-B Subsidiary Limited, Holding company				
Dinesh J Hinduja	2,151,634	6.26%	2,228,464	6.48%
Madanlal J Hinduja	1,879,177	5.47%	1,914,158	5.57%
Rajendra J Hinduja	1,914,138	5.57%	1,914,138	5.57%

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

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 38.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

	March 31, 2014	March 31, 2013
5 RESERVES AND SURPLUS		
Capital reserves		
Capital reserve (on amalgamation) balance as per last account	9,751.19	9,751.19
Securities premium reserve		
Balance as per last account	13,721.31	13,721.31
General reserve		
Balance as per last account	2,192.09	2,192.09
Hedging reserve		
Balance as per last account	209.49	(418.98)
Changes during the year :		
Transferred to profit and loss account on occurrence of forecasted hedge transaction	(209.49)	418.98
Net changes in the fair value of effective portion of outstanding cash flow derivatives	847.38	209.49
	<u>847.38</u>	<u>209.49</u>
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	(15,377.95)	(4,189.91)
Profit / (loss) for the year	(721.42)	(11,188.04)
Net surplus / (deficit) in the statement of profit and loss	<u>(16,099.37)</u>	<u>(15,377.95)</u>
	10,412.60	10,496.13

6 LONG-TERM BORROWINGS

	Non-current		Current Maturities	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Term loans (secured) :				
Indian rupee loan from bank (TUF loan)	-	-	-	526.00
Indian rupee loan from bank (Working capital loan)	6,416.00	-	184.00	-
	6,416.00	-	184.00	526.00

- (a) Term Loan from bank under Technology Upgradation Fund (TUF) scheme carried interest 14.25%. The loan was repayable in 52 monthly instalments of Rs 72 lakhs commencing from September 2009 and the loan is fully repaid in current year.
- (b) Working capital loan from bank carries interest at 14.7% p.a. The loan is repayable in 35 monthly instalments of Rs 184 lakhs each and a final instalment of Rs 160 lakhs, after moratorium of 12 months. The loan is secured by certain land and buildings and fixed deposit of Rs 402 lakhs.
- (c) Current maturities disclosed under the head current liabilities [Refer Note 9]

7 PROVISIONS

	Long term		Short term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Provision for employee benefits				
Provision for gratuity [Refer Note 28]	688.19	484.87	97.28	72.81
Provision for leave benefits	-	-	246.66	361.63
	688.19	484.87	343.94	434.44

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

	March 31, 2014	March 31, 2013
8 SHORT-TERM BORROWINGS		
Loans repayable on demand from banks (secured)		
Indian rupee packing credit loan	24,273.61	26,220.14
Foreign currency packing credit loan	173.93	4,946.24
Bank overdraft (unsecured)	42.33	-
	24,489.87	31,166.38
Note :		
(a) Packing Credit is secured against hypothecation of inventory, trade receivables and three immovable properties. The interest is 10.70% p.a for Indian Rupee loan and LIBOR+350 basis points for foreign currency packing credit loan.		
9 TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
Trade payables		
to micro and small enterprises [Refer Note 35]	118.09	91.61
to others	11,299.94	11,619.46
	11,418.03	11,711.07
Other current liabilities		
Current maturities of long-term borrowings [Refer Note 6]	184.00	526.00
Advances from customers / others	1,647.17	1,410.34
Due to subsidiaries	2,457.66	2,664.92
Book overdraft	537.53	1,139.52
Interest accrued and not due on term loans	25.70	3.08
Unclaimed dividends	0.60	1.07
[Investor education and protection fund will be credited as and when due]		
Statutory liabilities	440.29	434.01
	5,292.95	6,178.94
	16,710.98	17,890.01

10 FIXED ASSETS

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

	Tangible assets							Intangible assets					
	Land	Buildings	Leasehold improvements	Plant & machinery	Electrical equipments	Office equipments	Furniture & fixtures	Computers	Vehicles	Total tangible assets	Know-how	Computer software	Total intangible assets
Cost or valuation													
At 1 April 2012	1,330.10	7,343.21	1,142.13	29,089.22	806.96	429.44	1,670.62	895.17	464.35	43,171.20	694.64	610.41	1,305.05
Additions	-	533.77	6.60	822.24	19.03	14.24	20.89	81.81	-	1,498.58	-	27.04	27.04
Disposals	4.25	-	-	408.29	-	-	-	56.29	-	468.83	-	-	-
At 31 March 2013	1,325.85	7,876.98	1,148.73	29,503.17	825.99	443.68	1,691.51	920.69	464.35	44,200.95	694.64	637.45	1,332.09
Additions	-	-	3.10	188.47	0.39	3.05	6.75	35.79	-	237.55	-	11.22	11.22
Disposals	2.91	851.27	-	946.83	-	-	-	-	-	1,801.01	-	-	-
At 31 March 2014	1,322.94	7,025.71	1,151.83	28,744.81	826.38	446.73	1,698.26	956.48	464.35	42,637.49	694.64	648.67	1,343.31
Depreciation													
At 1 April 2012	-	2,955.90	662.37	16,797.86	423.93	232.31	1,020.88	789.47	329.05	23,211.77	463.10	416.96	880.06
Charge for the year	-	481.58	164.32	1,824.66	54.76	27.47	130.64	62.78	35.03	2,781.24	231.54	84.37	315.91
Disposals	-	-	-	362.05	-	-	-	55.77	-	417.82	-	-	-
At 31 March 2013	-	3,437.48	826.69	18,260.47	478.69	259.78	1,151.52	796.48	364.08	25,575.19	694.64	501.33	1,195.97
Charge for the year	-	420.61	165.04	1,593.09	48.47	25.74	98.37	52.35	25.96	2,429.63	-	55.86	55.86
Disposals	-	349.98	-	771.61	-	-	-	-	-	1,121.59	-	-	-
At 31 March 2014	-	3,508.11	991.73	19,081.95	527.16	285.52	1,249.89	848.83	390.04	26,883.23	694.64	557.19	1,251.83
Net Block													
At 31 March 2013	1,325.85	4,439.50	322.04	11,242.70	347.30	183.90	539.99	124.21	100.27	18,625.76	-	136.12	136.12
At 31 March 2014	1,322.94	3,517.60	160.10	9,662.86	299.22	161.21	448.37	107.65	74.31	15,754.26	-	91.48	91.48

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

	March 31, 2014	March 31, 2013
11 NON-CURRENT INVESTMENTS		
Trade investments [valued at cost unless stated otherwise]		
Investment In subsidiaries (unquoted equity instruments)		
All Colour Garments Private Limited	333.98	333.98
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Deejay Trading Private Limited	81.96	81.96
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Glamourwear Apparels Private Limited	101.46	101.46
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Madhin Trading Private Limited	65.86	65.86
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Magenta Trading Private Limited	69.08	69.08
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Rafter Trading Private Limited	36.72	36.72
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Rajdin Apparels Private Limited	170.90	170.90
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Reflexion Trading Private Limited	1.00	1.00
10,000 (2013 : 10,000) equity shares of Rs. 10 each, fully paid-up		
Rishikesh Apparels Private Limited	67.83	67.83
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Robot Systems Private Limited	327.81	327.81
12,000 (2013 : 12,000) equity shares of Rs. 100 each, fully paid-up		
Seven Hills Clothing Private Limited	307.90	307.90
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Vignesh Apparels Private Limited	80.89	80.89
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
SNS Clothing Private Limited	1,776.00	1,776.00
20,000 (2013 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Less : Provision for dimunition in value of Investment	(203.39)	(203.39)
	<u>1,572.61</u>	<u>1,572.61</u>
(A)	3,218.00	3,218.00
Non trade investments [valued at cost unless stated otherwise]		
Investment in government securities (unquoted) - National Savings Certificate	0.43	0.43
(B)	<u>0.43</u>	<u>0.43</u>
(A) + (B)	<u>3,218.43</u>	<u>3,218.43</u>
Note :		
(a) Aggregate amount of unquoted investments	3,218.43	3,218.43
(b) Aggregate provision for dimunition in value of investment	203.39	203.39

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

12 LOANS AND ADVANCES

(A) Unsecured, Considered Good

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Capital advances	15.69	43.22	-	-
Security and other deposits	1,321.83	1,221.56	-	-
Advance to wholly owned subsidiaries	-	-	78.04	94.80
Advances to suppliers	-	-	1,380.19	659.80
Other loans and advances				
Prepaid expenses	0.78	1.98	260.04	198.17
Loans and advances to employees	31.01	20.76	25.30	30.01
Other receivables	-	-	326.54	419.91
Advance tax	170.77	99.68	-	-
Minimum alternate tax credit entitlement	-	40.32	-	-
Balance with government authorities	-	-	68.71	80.55
	1,540.08	1,427.52	2,138.82	1,483.24

(B) Advances / deposits considered doubtful

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Security and other deposits	34.56	65.94	-	-
Other receivables	364.58	292.76	-	-
Balance with government authorities	61.98	61.98	-	-
	461.12	420.68	-	-
Less: Provision for doubtful advances / deposits	(461.12)	(420.68)	-	-
	-	-	-	-
Total (A+B)	1,540.08	1,427.52	2,138.82	1,483.24

	Current	
	31 March 2014	31 March 2013
Advance to wholly owned subsidiaries for supplies / services.		
Rishikesh Apparels Private Limited	74.98	22.89
Reflexion Trading Private Limited	-	66.80
Rajdin Apparels Private Limited	-	2.40
Robot Systems Private Limited	3.06	2.71
	78.04	94.80

13 OTHER ASSETS

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
(A) Unsecured, Considered Good				
Non-current bank balances [Refer Note 17]	468.54	90.69	-	-
Interest accrued on bank deposits	-	-	12.84	13.22
Mark to market gain on derivative contracts	-	-	933.73	209.49
Export incentives receivable	-	-	3,220.62	2,347.43
	468.54	90.69	4,167.19	2,570.14

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

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

	March 31, 2014	March 31, 2013
14 CURRENT INVESTMENTS		
Unquoted mutual funds (valued at lower of cost and fair value)		
L & T Liquid Fund - Growth	-	500.00
Nil [2013 : 31,317 units of Rs. 1,596.59 each fully paid-up]		
IDFC Cash fund - Growth	-	500.00
Nil [2013 : 35,333 units of Rs. 1,415.12 each fully paid-up]		
	-	1,000.00
Note :		
(a) Aggregate amount of unquoted investments	-	1,000.00
15 INVENTORIES		
(Valued at lower of cost and net realisable value)		
Raw materials (including packing materials)	8,521.17	12,488.48
[includes material in transit Rs.70.02 lakhs (2013 : 175.88 lakhs)]		
Work-in-progress	7,168.32	8,409.93
Finished goods	4,221.11	3,387.06
Consumables, stores and spares parts	281.13	148.45
	20,191.73	24,433.92

16 TRADE RECEIVABLES

	31 March 2014	31 March 2013
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	315.52	316.25
Unsecured, considered doubtful	1,254.07	225.00
	1,569.59	541.25
Less: Provision for doubtful receivables	1,254.07	225.00
	315.52	316.25
Other receivables		
Unsecured, considered good	9,425.05	7,483.19
	9,740.57	7,799.44

17 CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Cash and cash equivalents				
Cash on hand	-	-	16.36	28.91
Balance with banks :				
-- in current accounts	-	-	1,736.12	418.33
-- in EEFC accounts	-	-	6.63	31.27
-- in unpaid dividend accounts	-	-	0.60	1.07
Deposits with original maturity for less than 3 months	-	-	1,600.00	850.00
	-	-	3,359.71	1,329.58
Other bank balances				
Deposits with original maturity for more than 12 months*	468.54	90.69	90.69	56.42
	468.54	90.69	90.69	56.42
	468.54	90.69	3,450.40	1,386.00

* Includes Rs 402 lakhs (2013 - Nil) held by the bank as security against the term loan.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

	March 31, 2014	March 31, 2013
18 REVENUE FROM OPERATIONS		
Sale of Finished goods		
Exports	86,506.00	75,081.61
Domestic	18,494.14	16,502.04
	<u>105,000.14</u>	<u>91,583.65</u>
Other operating revenue		
Sale of accessories, fabrics, etc	910.93	1,515.13
Job work income	240.97	500.72
Export incentives	4,409.11	4,118.01
Scrap sales and others (including claims)	624.61	923.16
	<u>6,185.62</u>	<u>7,057.02</u>
Revenue from operations (gross)	<u>111,185.76</u>	<u>98,640.67</u>
<u>Details of finished goods sold</u>		
Manufactured (Ready made garments)	<u>105,000.14</u>	<u>91,583.65</u>
19 OTHER INCOME		
Interest income on bank deposit (gross)	37.31	189.06
[Tax deducted at source -Rs.3.73 lakhs (2013 : Rs.18.9 lakhs)]		
Dividend income on current investments	-	5.98
Gain (net) on sale of current investments	65.46	56.28
Profit on sale of fixed assets (net)	931.60	31.03
Excess Provision of earlier years, written back	261.19	-
Other non-operating income	233.06	49.22
	<u>1,528.62</u>	<u>331.57</u>
20 COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	12,488.48	6,919.69
Add: purchases	52,955.96	58,209.17
	<u>65,444.44</u>	<u>65,128.86</u>
Less: inventory at the end of the year	8,521.17	12,488.48
Cost of raw materials consumed	<u>56,923.27</u>	<u>52,640.38</u>
Note :		
(a) <u>Details of inventory held</u>		
Fabrics	6,116.56	10,048.38
Accessories and others	2,404.61	2,440.10
	<u>8,521.17</u>	<u>12,488.48</u>
(b) <u>Details of raw materials consumed</u>		
Fabrics	40,512.65	38,392.06
Accessories	14,067.30	13,381.40
Others	2,343.32	866.92
	<u>56,923.27</u>	<u>52,640.38</u>
(c) <u>Imported and indigenous raw materials consumed</u>		
Imported	19,883.78	18,876.57
Indigenous	37,039.49	33,763.81
	<u>56,923.27</u>	<u>52,640.38</u>
<u>% of total consumption</u>		
Imported	35%	36%
Indigenous	65%	64%
	<u>100%</u>	<u>100%</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

	March 31, 2014	March 31, 2013
21 (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventories at the beginning of the year		
Finished goods	3,387.06	3,889.87
Work-in-progress	8,409.93	5,884.37
	<u>11,796.99</u>	<u>9,774.24</u>
Inventories at the end of the year		
Finished goods	4,221.11	3,387.06
Work-in-progress	7,168.32	8,409.93
	<u>11,389.43</u>	<u>11,796.99</u>
	<u>407.56</u>	<u>(2,022.75)</u>
22 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus*	9,986.73	11,055.49
Contribution to provident fund and other fund	706.06	751.41
Gratuity expense	391.65	164.15
Staff welfare expenses	308.18	399.79
	<u>11,392.62</u>	<u>12,370.84</u>
* includes director's performance bonus of Rs. 35 lakhs.		
23 OTHER EXPENSES		
Consumption of consumables, stores and spares	942.36	1,259.72
Power and fuel	1,437.59	1,401.51
Job work charges	24,756.53	27,439.68
Other manufacturing expenses	685.74	641.44
Rent	744.63	675.67
Rates and taxes	92.55	228.20
Insurance	357.28	326.46
Repairs and maintenance		
- Plant and machinery	560.71	536.36
- Buildings	34.36	34.16
- Others	488.88	544.37
Legal and professional charges	301.70	510.59
Printing and stationery	130.12	143.48
Communication costs	214.90	275.99
Travelling and conveyance	272.72	350.25
Auditors' Remuneration	53.40	36.52
Director's remuneration	100.00	98.25
Director's sitting fee	6.81	5.84
Clearing, forwarding and freight (net of recoveries)	1,667.72	1,092.78
Provision for doubtful deposits and advances	71.82	221.55
Irrecoverable balances written off	67.66	147.02
Provision for doubtful debts	1,029.07	-
Bad debts written off	19.46	22.17
Exchange differences (net)	2,791.96	1,064.48
Export claims	389.84	365.06
Miscellaneous expenses	972.54	1,214.70
	<u>38,190.35</u>	<u>38,636.25</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

	March 31, 2014	March 31, 2013
Note :		
(a) Consumables, stores and spares consumed		
Imported	57.74	31.83
Indigenous	884.62	1,227.89
	<u>942.36</u>	<u>1,259.72</u>
<u>% of total consumption</u>		
Imported	6%	3%
Indigenous	94%	97%
	<u>100%</u>	<u>100%</u>
(b) Payment to auditor		
Audit fees	27.50	20.75
Limited review fees	19.50	11.25
In other capacity - Taxation matters	1.50	1.50
Out of pocket expenses (includes service tax)	4.90	3.02
	<u>53.40</u>	<u>36.52</u>
24 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	2,429.63	2,781.24
Amortisation on intangible assets	55.86	315.91
	<u>2,485.49</u>	<u>3,097.15</u>
25 FINANCE COSTS		
Interest		
- on term loans [Refer Note below]	40.26	82.01
- on packing credit	2,572.00	2,378.74
- on bill discounting and others	556.31	399.50
Exchange difference to the extent considered as an adjustment to borrowing cost	63.34	265.59
Bank charges	764.28	627.37
	<u>3,996.19</u>	<u>3,753.21</u>

Note :

Interest on term loans is net of interest subvention subsidy Rs. 7.65 lakhs (2013 : Rs. 55.67 lakhs) under Technology Upgradation Scheme.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

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

	March 31, 2014	March 31, 2013
Claims against the Company not acknowledged as debts	308.48	278.43
Guarantees given by banks	2.00	19.81
Outstanding letters of credit	1,680.56	963.79
Bills discounted with banks	9,372.68	10,232.48

27. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	15.38	62.48
(b) For commitments relating to leasing arrangements, refer Note 31		
(c) For commitments relating to forward contracts, refer Note 36		

28. Gratuity

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

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet:

Net employee benefit expense (in statement of profit and loss) :

	March 31, 2014	March 31, 2013
Current service cost	243.07	106.54
Interest cost on benefit obligation	45.89	42.25
Expected Return on Plan Assets	(2.19)	(4.24)
Actuarial loss/(gain)	104.88	19.60
Net benefit expense	391.65	164.15
Actual return on plan asset	1.58	4.54

Details of Provision for gratuity (in Balance Sheet)

Defined benefit obligation	810.79	588.73
Fair value of plan asset	(25.32)	(31.05)
Plan liability / (asset)	785.47	557.68

Changes in the present value of defined benefit obligation

Opening defined benefit obligation	588.73	604.18
Current Service Cost	243.07	106.54
Interest Cost	45.89	42.25
Benefits Paid	(171.17)	(184.14)
Actuarial (gain)/loss	104.27	19.90
Closing defined benefit obligation	810.79	588.73

Changes in the fair value of plan asset are as follows

Opening fair value of plan asset	31.05	79.45
Expected return	2.19	4.24
Actuarial gain/(loss)	(0.61)	0.30
Contributions by employer	163.86	131.20
Benefits Paid	(171.17)	(184.14)
Closing fair value of plan asset	25.32	31.05

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

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

	March 31, 2014	March 31, 2013
Interest Rate	9.12%	8.25%
Discount Factor	9.12%	8.25%
Estimated Rate of return on Plan Assets	8.00%	8.00%
Attrition Rate	40.00%	40.00%
Rate of escalation in Salary per annum	20.00%	5.00%
Retirement Age	60 years	60 years

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

	March 31, 2014	March 31, 2013
Investments with insurer	100%	100%

Notes:

1. The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply & demand in the employment market.
2. The estimated rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
3. The Company expects to contribute Rs.97.28 lakhs to gratuity in 2014-15.

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

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	810.79	588.73	604.18	405.83	337.80
Plan assets	(25.32)	(31.05)	(79.45)	(157.11)	(233.62)
(Surplus) / deficit	785.47	557.68	524.73	248.72	104.18
Experience adjustment on plan liabilities	104.27	19.90	36.32	4.98	27.35
Experience adjustment on plan assets	0.61	(0.30)	0.67	(1.54)	(2.68)

29. 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):

The Company mainly operates in two geographical areas of the world, i.e., India and Rest of World, the details of which are as below:

Geographical Segment	Revenues / Income	Carrying amount of segment assets
In India	24,247.63 (21,345.81)	55,214.82 (57,485.97)
Outside India	86,938.13 (75,610.40)	5,565.56 (4,704.66)
Total	111,185.76 (96,956.21)	60,780.38 (62,190.63)

All fixed assets are located in India.

Notes: Figures in brackets relate to previous year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

30. 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>	
	Director and Chief Executive Officer	Mr. Gautam Chakravarti

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

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

Nature of Transactions	Subsidiary Companies	Key Management Personnel	Total
Sales /Other Income			
Sale of fabrics, accessories / ready made garments	381.39 (369.33)	- -	381.39 (369.33)
Expenses			
Job work charges	24,059.01 (26,172.19)	- -	24,059.01 (26,172.19)
Material purchases	561.63 (229.84)	- -	561.63 (229.84)
Remuneration	- -	135.00 (98.25)	135.00 (98.25)
Reimbursement of Expenses by Company	- (215.00)	- -	- (215.00)
Balances outstanding as at March 31, 2014			
Trade payables and other current liabilities	2,457.66 (2,664.92)	42.73 (13.27)	2,500.39 (2,678.19)
Loans and advances	78.04 (94.80)	- -	78.04 (94.80)

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

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

(iii) There is no stock compensation cost in respect of options issued to key management personnel.

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

	31 March 2014	31 March 2013
Sale of fabrics, accessories/ready made garments		
Subsidiary companies		
SNS Clothing Private Limited	381.39	369.33

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

	31 March 2014	31 March 2013
Job work Charges		
Subsidiary Companies		
Seven Hills Clothing Private Limited	6,684.95	6,634.57
Glamourwear Apparels Private Limited	2,833.63	3,377.28
Rishikesh Apparels Private Limited	2,690.82	3,146.34
Rafter Trading Private Limited	2,852.26	2,900.30
Magenta Trading Private Limited	2,448.80	3,549.64
Others	6,548.55	6,564.06
	24,059.01	26,172.19
Material purchases		
Subsidiary Companies		
Reflexion Trading Private Limited	561.63	229.84
Remuneration to Key Management Personnel		
Gautam Chakravarti	135.00	98.25
Reimbursement of expenses by Company		
Subsidiary Companies		
Madhin Trading Private Limited	-	215.00
Current Liabilities		
Subsidiary Companies		
SNS Clothing Private Limited	1,281.99	1,375.24
Seven Hills Clothing Private Limited	259.52	312.69
All Colour Garments Private Limited	275.85	278.29
Glamourwear Apparels Private Limited	165.09	133.84
Others	475.21	564.86
	2,457.66	2,664.92
Remuneration to Key Management Personnel		
Gautam Chakravarti	42.73	13.27
Loans and Advances		
Subsidiary Companies		
Rishikesh Apparels Private Limited	74.98	22.89
Reflexion Trading Private Limited	-	66.80
Rajdin Apparels Private Limited	-	2.40
Others	3.06	2.71
	78.04	94.80

31. Leasing arrangements

The Company's leasing arrangements in respect of its office, factory and residential premises are in the nature of operating leases. These leasing arrangements, which are usually cancellable at the option of the lessee, are for a total period ranging from eleven months to six years and are renewable with mutual consent. All leases include a clause to enable upward revision of the rental charge on a periodic basis as specified under the rental agreement. The charge on account of lease rentals for the year is Rs.744.63 lakhs(2013: Rs. 675.67 lakhs).

Future obligations of lease rentals for non cancellable period under respective lease agreements are as follows.

	31 March 2014	31 March 2013
Not later than one year	200.47	166.81
Later than one year and not later than five years	-	-
Later than five years	-	-
	200.47	166.81

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

32. CIF value of imports

	31 March 2014	31 March 2013
Capital goods	112.42	710.90
Raw materials and accessories	19,456.03	20,919.71
Stores and spares	57.74	6.74
	19,626.19	21,637.35

33. Expenditure in foreign currency

	31 March 2014	31 March 2013
Travel expenses	29.11	24.97
Brokerage and commission	58.49	29.42
Export claims	389.84	365.06
Others	84.82	73.09
	562.26	492.54

34. Earnings in foreign currency

	31 March 2014	31 March 2013
FOB value of exports	86,506.00	75,081.61
Sale of accessories, fabrics, etc	173.93	329.10
Freight and insurance recoveries	1,487.01	2,521.37
Export Claims	258.20	528.79
	88,425.14	78,460.87

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

	31 March 2014	31 March 2013
(i) The principal amount due thereon remaining unpaid on March 31, 2014	115.83	84.71
Interest amount due and remaining unpaid on March 31, 2014	2.26	6.90
(ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(iv) The amount of interest accrued and remaining unpaid on March 31, 2014 in respect of principal amount settled during the year.	-	-
(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.	2.26	6.90

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

36. Derivative instruments and unhedged foreign currency exposure

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

Sell contracts	31 March 2014		31 March 2013		Purpose
	foreign currency (in lakhs)	Rs. (in lakhs)	foreign currency (in lakhs)	Rs. (in lakhs)	
USD	471.95	28,349.76	509.58	27,747.18	Hedge of expected future sales
EURO	60.10	4,963.66	-	-	

b) As of the Balance Sheet date, the Company's unhedged foreign currency exposure is as under

	Receivables / (Payables)			
	31 March 2014		31 March 2013	
	Amount in foreign currency	Amount Rs. in lakhs	Amount in foreign currency	Amount Rs. in lakhs
Bank balances – USD	11,033	6.63	57,421	31.27
Trade receivables – USD*	6,277,814	3,771.09	7,294,774	3,972.00
Trade receivables – EUR*	1,150,651	950.32	103,812	72.24
Trade receivables – GBP*	149,276	148.98	315,310	259.80
Loans and advances – USD	1,092,107	656.11	720,437	392.35
Loans and advances – EUR	17,738	14.65	11,598	8.07
Loans and advances – GBP	24,461	24.41	242	0.20
Short-term borrowings – USD	(289,502)	(173.93)	(9,082,344)	(4,946.24)
Trade payables – USD	(3,624,601)	(2,177.66)	(2,795,840)	(1,522.61)
Trade payables – EUR	(1,213)	(1.00)	(1,279)	(0.89)
Trade payables – GBP	(34)	(0.03)	-	-
Advances received from customers – USD	(73,404)	(44.09)	(189,858)	(103.38)
Advances received from customers – EUR	(3,037)	(2.51)	(1,136)	(0.79)

* net of export bills discounted

37. Exchange difference loss / (gain)

	31 March 2014	31 March 2013
Pre-shipment packing credit	299.34	429.38
Post-shipment credit	(239.56)	(204.85)
Forward contracts and options	2,920.89	812.81
Foreign currency receivables	(315.92)	(9.19)
Foreign currency payables	127.21	36.33
	2,791.96	1,064.48

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

38. Employee stock option Plans (Equity Settled)

In September 2010, the shareholders of the Company approved Stock Option Plan (ESOP 2010) in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) for Employees Stock Options Plan. The plan covered all employees of the Company including employees of subsidiaries and directors and provided for the issue of 1,718,800 shares of Rs. 5 each. The Company follows intrinsic method of accounting for stock compensation cost pursuant to the Guidance Note on "Accounting for Employee Share - Based Payments" issued by the Institute of Chartered Accountants of India.

1,290,000 options have been granted during the year and are outstanding as at March 31, 2014. The vesting period ranges from 1 to 7 years. Weighted average of remaining contractual life is 9.25 years. The weighted average exercise price of all the options is Rs. 36.70. There is no compensation cost since the exercise price is equal to the intrinsic value as at the date of grant.

The weighted average fair value of options granted during the year was Rs. 26.56. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2014
Dividend yield %	-
Expected volatility %	46.70%
Risk free interest rate	9.12%
Weighted average share price	36.70
Exercise price	32.25 & 60.95
Expected life of options granted in years	10

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would not have changed.

39. Deferred tax asset/(liability)

	31 March 2014	31 March 2013
Deferred tax liability		
Impact of difference between tax depreciation and depreciation for financial reporting	(303.95)	(501.44)
Deferred tax asset		
Unabsorbed business losses	303.95	501.44
Deferred tax	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

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

40. The Company is in process of taking necessary steps to comply with the Transfer Pricing requirements relating to the preparation & maintenance of the Transfer Pricing documentation with respect to the specified domestic transactions entered into by the Company during financial year ended March 31, 2014. The Management is of the opinion that the specified domestic transactions are at arm's length and hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

41. The Company had filed petition with the Company Law Board for compounding of offence u/s. 297 of the Companies Act, 1956 for the transactions entered with CMS Info Systems Private Limited between July 2009 to October 2011 and as at date, the petition is pending with the Company Law Board.

For periods subsequent to October 2011, the Company had filed an application with Central Government, Ministry of Corporate Affairs, seeking its approval u/s. 297(1) of the Companies Act, 1956 for entering into contract with CMS Info Systems Private Limited which is pending approval.

42. Previous year comparatives

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

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 000934S

per A.V. Satish Kumar
Partner
Membership No. F-26526
Place: Bengaluru
Date: May 10, 2014

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

per Navin Agrawal
Partner
Membership No: 56102
Place: Bengaluru
Date: May 10, 2014

**For and on behalf of the
Board of Directors
Gokaldas Exports Limited**

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

Ramya Kannan
Company Secretary
Place: Bengaluru
Date: May 10, 2014

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2014

GOKALDAS EXPORTS LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Gokaldas Exports Limited

We have audited the accompanying consolidated financial statements of Gokaldas Exports Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 Company as at March 31, 2014;
- (b) in the case of the consolidated statement of profit and loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

Other Matters

We did not jointly audit total assets of Rs. 171,615,697 as at March 31, 2014, total revenues of Rs. 64,409,323 and net cash inflows amounting to Rs. 8,986,052 for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, whose financial statements and other financial information have been audited by Girish, Murthy & Kumar on which S.R. Batliboi & Co. LLP has placed reliance for the purpose of this report.

We did not audit total assets of Rs. 329,099,521 as at March 31, 2014, total revenues of Rs. 173,176,966 and net cash inflows amounting to Rs. 18,056,816 for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 0009345

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

Place: Bengaluru
Date: May 10, 2014

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

per Navin Agrawal
Partner
Membership No: 56102

Place: Bengaluru
Date: May 10, 2014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2014	March 31, 2013
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	4	1,718.80	1,718.80
Reserves and surplus	5	10,646.92	10,679.09
		12,365.72	12,397.89
Non- current liabilities			
Long-term borrowings	6	6,416.00	-
Long-term provisions	7	1,296.66	1,004.03
Deferred tax liability (net)	8	-	2.41
		7,712.66	1,006.44
Current liabilities			
Short term borrowings	9	24,489.87	31,166.38
Trade payables	10	11,470.56	11,849.78
Other current liabilities	10	5,896.76	7,001.87
Short term provisions	7	870.73	828.33
		42,727.92	50,846.36
		62,806.30	64,250.69
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	16,828.01	19,895.21
Intangible assets	11	406.27	450.91
Capital work-in-progress		18.90	19.37
		17,253.18	20,365.49
Non-current investments	12	0.63	0.63
Long-term loans and advances	13	4,454.70	4,515.26
Trade receivables	17	-	21.24
Other non-current assets	14	468.54	90.69
		22,177.05	24,993.31
Current assets			
Current investments	15	0.09	1,000.09
Inventories	16	20,381.89	24,638.16
Trade receivables	17	10,069.32	8,037.34
Cash and bank balances	18	3,876.73	1,541.91
Short-term loans and advances	13	2134.03	1469.41
Other current assets	14	4,167.19	2,570.47
		40,629.25	39,257.38
		62,806.30	64,250.69
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the consolidated financial statements.

As per our report of even date

**For and on behalf of the
Board of Directors
Gokaldas Exports Limited**

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 000934S

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

Richard B Saldanha
Chairman

per A.V. Satish Kumar
Partner
Membership No. F-26526
Place: Bengaluru
Date: May 10, 2014

per Navin Agrawal
Partner
Membership No: 56102
Place: Bengaluru
Date: May 10, 2014

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

Ramya Kannan
Company Secretary
Place: Bengaluru
Date: May 10, 2014

CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2014	March 31, 2013
INCOME			
Revenue from operations (gross)	19	113,264.27	99,856.05
Less: excise duty		146.06	1,756.16
Revenue from operations (net)		113,118.21	98,099.89
Other income	20	1,590.64	878.64
		114,708.85	98,978.53
Expenses			
Cost of raw materials consumed	21	56,772.27	52,637.08
(Increase) / decrease in inventories of finished goods and work-in-progress	22	393.06	(2,006.83)
Employee benefits expense	23	33,267.42	35,672.09
Other expenses	24	17,919.66	16,319.39
Depreciation and amortisation expense	25	2,728.96	3,409.49
Finance costs	26	4,000.46	3,760.75
		115,081.83	109,791.97
Loss before tax		(372.98)	(10,813.44)
Tax expense:			
Current tax		112.17	62.81
Tax of earlier years (net)		147.03	70.51
MAT credit written off		40.32	-
Deferred tax charge / (credit)		(2.41)	(2.67)
		297.11	130.65
Loss for the year		(670.09)	(10,944.09)
Earnings / (loss) per equity share			
[nominal value per share : Rs. 5 (2013 - Rs. 5)]			
Basic and diluted		(1.95)	(31.84)
Weighted average number of shares used in computing basic and diluted earning/(loss) per equity share		34,376,000	34,376,000
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the consolidated financial statements.

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 000934S

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

Place: Bengaluru
Date: May 10, 2014

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

per Navin Agrawal
Partner
Membership No: 56102

Place: Bengaluru
Date: May 10, 2014

**For and on behalf of the
Board of Directors
Gokaldas Exports Limited**

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

Ramya Kannan
Company Secretary
Place: Bengaluru
Date: May 10, 2014

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

All amounts in Indian Rupees in lakhs, except stated otherwise

Particulars	March 31, 2014	March 31, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before tax	(372.98)	(10,813.44)
Adjustments		
Depreciation and amortisation expense	2,728.96	3,409.49
Provision for doubtful deposits and advances	71.82	221.55
Irrecoverable balances written off	67.66	147.02
Bad debts written off	21.70	42.77
Provision for doubtful debts	1,029.07	-
Unrealised foreign exchange losses / (gains) (net)	(28.88)	36.08
(Profit)/Loss on sale of assets (net)	(931.60)	(43.35)
(Profit)/Loss on sale of investments	(65.46)	(56.28)
Excess provision of earlier years written back	(261.19)	-
Interest expense	3,168.57	2,860.25
Interest earned	(37.31)	(189.06)
Dividend on investments	-	(5.98)
Operating loss before working capital changes	5,390.36	(4,390.95)
(Increase)/Decrease in inventories	4,256.27	(7,556.33)
(Increase)/Decrease in trade receivables	(3,032.37)	(1,753.32)
(Increase)/Decrease in other non current assets	-	766.36
(Increase)/Decrease in other current assets	(959.21)	(479.69)
(Increase)/Decrease in long-term loans and advances	(113.25)	(133.05)
(Increase)/Decrease in short-term loans and advances	(807.89)	(64.04)
Increase/(Decrease) in trade payables	(391.53)	5,166.77
Increase/(Decrease) in other current liabilities	(524.07)	2,221.07
Increase/(Decrease) in long term provisions	292.63	223.79
Increase/(Decrease) in short term provisions	42.40	(107.37)
Cash Generated from /(used in) Operations	4,153.34	(6,106.76)
Direct taxes (paid) / refund received, net	(149.45)	(508.39)
Net Cash Flow from /(used in) operating activities	4,003.89	(6,615.15)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	37.69	253.61
Purchase of fixed assets, including CWIP and capital advances	(302.85)	(1,105.44)
Proceeds from sale of fixed assets	1,645.33	205.62
Dividends received	-	5.98
Deposits redeemed (maturity more than 3 months)	56.42	2,500.00
Deposits made (maturity more than 3 months)	(468.54)	(11.37)
Purchase of current investments	-	(1,005.98)
Proceeds from sale of current Investments	1,065.46	2,502.07
Net Cash Flow from / (used in) investing activities	2,033.51	3,344.49

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

All amounts in Indian Rupees in lakhs, except stated otherwise

Particulars	March 31, 2014	March 31, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	6,600.00	-
Repayment of long-term borrowings	(526.00)	(864.00)
Proceeds from short-term borrowings	80,550.30	82,032.37
Repayment of short-term borrowings	(87,214.74)	(75,347.92)
Unclaimed dividend transferred to Investor education and protection fund	(0.47)	-
Interest paid	(3,145.95)	(2,864.45)
Net Cash Flow from / (used in) financing activities	(3,736.86)	2,956.00
D. Net Increase / (Decrease) in Cash & Cash Equivalents (A + B + C)	2,300.54	(314.66)
E. Cash and cash equivalents at the beginning of the year	1,485.50	1,800.16
F. Cash and cash equivalents at the end of the year	3,786.04	1,485.50
Components of Cash and Cash Equivalents		
Cash on hand	32.13	45.59
Balance with banks :		
-- in deposit account	1,600.00	850.00
-- in current accounts	2,153.31	588.84
-- in unpaid dividend accounts (restricted use)	0.60	1.07
Total cash and cash equivalents	3,786.04	1,485.50

Summary of significant accounting policies 2.1

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 000934S

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

Place: Bengaluru
Date: May 10, 2014

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

per Navin Agrawal
Partner
Membership No: 56102

Place: Bengaluru
Date: May 10, 2014

**For and on behalf of the
Board of Directors
Gokaldas Exports Limited**

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

Ramya Kannan
Company Secretary
Place: Bengaluru
Date: May 10, 2014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

1. Corporate Information

Gokaldas Exports Limited ('the Company' or 'Gokaldas') was incorporated on March 1, 2004 by converting the erstwhile partnership firm Gokaldas India under Part IX of the Companies Act, 1956 ('the Act'). 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 had been amalgamated with the Company, with April 1, 2004 being the appointed date. The Company currently operates a 100% Export Oriented Unit, a Domestic Tariff Area Unit and a Special Economic Zone Unit.

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

2. Basis of preparation and consolidation of financial statements

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

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

* No change in the shareholding during the year.

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and complies in all material respects with the Accounting Standards notified under the Companies (Accounting standards) Rules, 2006, (as amended) and the relevant provisions of the Act read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The consolidated financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Group with those used in the previous year.

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

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

2.1 Summary of Significant accounting policies

a) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and disclosure of contingent liabilities at the date of the consolidated

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

financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring material adjustment to the carrying amounts of assets and liabilities in future periods.

b) Revenue recognition

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

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

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

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

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

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

Insurance / other claims are recognized on acceptance basis.

c) Hedge accounting

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

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

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

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

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

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

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

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

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

Assets individually costing Rs. 5,000 or less are depreciated at 100% per annum. Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower which ranges between 5 to 10 years.

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

e) Borrowing Costs

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

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

f) Impairment of tangible and intangible assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Inventories

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

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

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

h) Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

i) Government Grants and subsidies

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

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

j) Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on

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

which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged / credited to statement of profit and loss.

k) Retirement and Other Employee Benefits

(i) Defined Contribution Plans:

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

(ii) Defined Benefit Plans:

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

(iii) Compensated absences:

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the basis of an actuarial valuation using the projected unit credit method at the year end. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

l) Taxation

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

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

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

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

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

m) Employee stock compensation cost

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share - based Payments, issued by the Institute of Chartered Accountants

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

of India. The Group accounts for stock compensation expense based on the intrinsic value of the options granted, determined on the date of grant. Compensation expense is amortized over the vesting period of the option on a straight - line basis. The accounting value of the options outstanding net of the Deferred Compensation Expense is reflected as Employee Stock Options Outstanding.

n) Accounting for leases

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

o) Provisions

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

p) Segment Reporting Policies

(i) Identification of segments:

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

(ii) Basis of allocation:

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

(iii) Segment Policies:

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

q) 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.

r) Contingent Liability

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

s) Cash and Cash equivalents

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

3. During the year, the Group continued to incur substantial losses i.e. Rs. 670.09 lakhs (2013-Rs.10,944.09 lakhs) and has accumulated losses of Rs.15,883.01 lakhs (2013-Rs.15,212.92 lakhs) as at March 31, 2014. The management has taken several measures to cut costs and improve productivity and is reasonably confident of improved profitability in coming years. Based on the future business plan, the Group is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

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

	March 31, 2014	March 31, 2013
4 SHARE CAPITAL		
Authorised shares	2,000.00	2,000.00
40,000,000 (2013 : 40,000,000) equity shares of Rs. 5 each		
Issued, subscribed and fully paid-up		
34,376,000 (2013 : 34,376,000) equity shares of Rs. 5 each	1,718.80	1,718.80
	<u>1,718.80</u>	<u>1,718.80</u>

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

Equity shares	31 March 2014		31 March 2013	
	No.	Amount	No.	Amount
At the beginning of the year	34,376,000	1,718.80	34,376,000	1,718.80
Outstanding at the end of the year	34,376,000	1,718.80	34,376,000	1,718.80

(b) Terms/ rights attached to equity shares

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

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Equity shares of Rs. 5 each fully paid up	31 March 2014		31 March 2013	
	No.	Amount	No.	Amount
Holding company :				
Blackstone FP Capital Partners (Mauritius)	23,469,242	1,173.46	23,469,242	1,173.46
V-B Subsidiary Limited				

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

Equity shares	31 March 2014		31 March 2013	
	No.	Shareholding %	No.	Shareholding %
Blackstone FP Capital Partners (Mauritius)	23,469,242	68.27%	23,469,242	68.27%
V-B Subsidiary Limited, Holding company				
Dinesh J Hinduja	2,151,634	6.26%	2,228,464	6.48%
Madanlal J Hinduja	1,879,177	5.47%	1,914,158	5.57%
Rajendra J Hinduja	1,914,138	5.57%	1,914,138	5.57%

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

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 35.

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

	March 31, 2014	March 31, 2013
5 RESERVES AND SURPLUS		
Capital reserves		
Capital reserve (on amalgamation) balance as per last account	9,769.12	9,769.12
Securities premium reserve		
Balance as per last account	13,721.31	13,721.31
General reserve		
Balance as per last account	2,192.09	2,192.09
Hedging reserve		
Balance as per last account	209.49	(418.98)
Changes during the year :		
Transferred to profit and loss account on occurrence of forecasted hedge transaction	(209.49)	418.98
Net changes in the fair value of effective portion of outstanding cash flow derivatives	847.41	209.49
	<u>847.41</u>	<u>209.49</u>
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	(15,212.92)	(4,268.83)
Profit / (loss) for the year	(670.09)	(10,944.09)
Net surplus / (deficit) in the statement of profit and loss	<u>(15,883.01)</u>	<u>(15,212.92)</u>
	10,646.92	10,679.09

6 LONG-TERM BORROWINGS

	Non-current		Current Maturities	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Term loans (secured) :				
Indian rupee loan from bank (TUF loan)	-	-	-	526.00
Indian rupee loan from bank (Working capital loan)	6,416.00	-	184.00	-
	6,416.00	-	184.00	526.00

- (a) Term Loan from bank under Technology Upgradation Fund (TUF) scheme carried interest 14.25%. The loan was repayable in 52 monthly instalments of Rs 72 lakhs commencing from September 2009 and the loan is fully repaid in current year.
- (b) Working capital loan from bank carries interest at 14.7% p.a. The loan is repayable in 35 monthly instalments of Rs 184 lakhs each and a final instalment of Rs 160 lakhs, after moratorium of 12 months. The loan is secured by certain land and buildings and fixed deposit of Rs 402 lakhs.
- (c) Current maturities disclosed under the head current liabilities [Refer Note 10]

7 PROVISIONS

	Long term		Short term	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Provision for employee benefits				
Provision for gratuity	1,296.66	1,004.03	224.20	162.69
Provision for leave benefits	-	-	646.53	665.64
	1,296.66	1,004.03	870.73	828.33

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

	March 31, 2014	March 31, 2013
8 DEFERRED TAX ASSET/(LIABILITY)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and book depreciation	303.95	503.85
Gross deferred tax liability	303.95	503.85
Deferred tax asset		
Unabsorbed business losses	(303.95)	(501.44)
Gross deferred tax assets	(303.95)	(501.44)
Net deferred tax asset/liability	-	2.41
9 SHORT-TERM BORROWINGS		
Loans repayable on demand from banks (secured)		
Indian rupee packing credit loan	24,273.61	26,220.14
Foreign currency packing credit loan	173.93	4,946.24
Bank overdraft (unsecured)	42.33	-
	24,489.87	31,166.38
Note :		
(a) Packing Credit is secured against hypothecation of inventory, trade receivables and three immovable properties. The interest is 10.70% p.a for Indian Rupee loan and LIBOR+350 basis points for foreign currency packing credit loan.		
10 TRADE PAYABLES AND OTHER CURRENT LIABILITIES		
Trade payables		
to micro and small enterprises	118.09	91.61
to others	11,352.47	11,758.17
	11,470.56	11,849.78
Other current liabilities		
Current maturities of long-term borrowings [Refer Note 6]	184.00	526.00
Other expenses / liabilities	2,705.12	3,043.01
Advances from customers / others	1,647.32	1,410.34
Book overdraft	548.90	1,197.86
Interest accrued and not due on term loans	25.70	3.08
Unclaimed dividends	0.60	1.07
[Investor education and protection fund will be credited as and when due]		
Statutory liabilities	785.12	820.51
	5,896.76	7,001.87
	17,367.32	18,851.65

11 FIXED ASSETS

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

	Tangible assets										Intangible assets			
	Land	Buildings	Leasehold improvements	Plant & machinery	Electrical equipments	Office equipments	Furniture & fixtures	Computers	Vehicles	Total tangible assets	Know-how	Goodwill on consolidation	Computer software	Total intangible assets
Gross Block														
As at 1 April 2012	1,331.07	7,973.84	1,510.62	30,397.58	1,910.16	507.52	2,504.43	899.72	475.42	47,510.36	694.64	314.79	610.41	1,619.84
Additions	-	533.77	24.54	824.06	20.31	14.24	41.62	81.81	-	1,540.35	-	-	27.04	27.04
Disposals	4.25	1.59	30.24	649.65	23.21	0.02	20.24	56.33	-	785.53	-	-	-	-
As at 31 March 2013	1,326.82	8,506.02	1,504.92	30,571.99	1,907.26	521.74	2,525.81	925.20	475.42	48,265.18	694.64	314.79	637.45	1,646.88
Additions	-	-	8.37	260.57	0.39	3.05	11.46	35.79	-	319.63	-	-	11.22	11.22
Disposals	2.91	851.27	67.47	968.90	20.49	-	8.79	-	-	1,919.83	-	-	-	-
As at 31 March 2014	1,323.91	7,654.75	1,445.82	29,863.66	1,887.16	524.79	2,528.48	960.99	475.42	46,664.98	694.64	314.79	648.67	1,658.10
Depreciation														
As at 1 April 2012	-	3,327.71	881.51	17,579.51	1,080.39	277.02	1,620.88	793.81	338.82	25,899.65	463.10	-	416.96	880.06
Charge for the year	-	529.67	248.77	1,895.76	115.89	31.61	173.64	62.87	35.37	3,093.58	231.54	-	84.37	315.91
Disposals	-	1.21	21.20	517.90	13.54	0.01	13.61	55.79	-	623.26	-	-	-	-
As at 31 March 2013	-	3,856.17	1,109.08	18,957.37	1,182.74	308.62	1,780.91	800.89	374.19	28,369.97	694.64	-	501.33	1,195.97
Charge for the year	-	449.66	230.79	1,646.08	100.52	31.13	136.30	52.41	26.21	2,673.10	-	-	55.86	55.86
Disposals	-	349.98	48.31	786.75	14.32	-	6.74	-	-	1,206.10	-	-	-	-
As at 31 March 2014	-	3,955.85	1,291.56	19,816.70	1,268.94	339.75	1,910.47	853.30	400.40	29,836.97	694.64	-	557.19	1,251.83
Net Block														
As at 31 March 2013	1,326.82	4,649.85	395.84	11,614.62	724.52	213.12	744.90	124.31	101.23	19,895.21	-	314.79	136.12	450.91
As at 31 March 2014	1,323.91	3,698.90	154.26	10,046.96	618.22	185.04	618.01	107.69	75.02	16,828.01	-	314.79	91.48	406.27

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

	March 31, 2014	March 31, 2013
12 NON-CURRENT INVESTMENTS		
Non trade investments [valued at cost unless stated otherwise]		
Investment in Government Securities (unquoted)	0.63	0.63
	0.63	0.63
Note :		
(a) Aggregate amount of unquoted investments	0.63	0.63

13 LOANS AND ADVANCES**(A) Unsecured, Considered Good**

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Capital advances	15.69	43.22	-	-
Security and other deposits	2,825.18	2,675.71	3.80	3.01
Advances recoverable in cash / kind	-	19.62	1,401.17	683.56
Other loans and advances				
Prepaid expenses	3.81	1.98	270.95	218.05
Loans and advances to employees	31.01	20.76	57.22	54.96
Other receivables	10.33	5.25	326.54	419.91
Advance tax	1,568.68	1,674.64	-	3.79
Minimum alternate tax credit entitlement	-	74.08	-	-
Balance with government authorities	-	-	74.35	86.13
	4,454.70	4,515.26	2,134.03	1,469.41

(B) Advances/deposits considered doubtful

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Security and other deposits	34.56	65.94	-	-
Other receivables	364.58	292.76	-	-
Balance with government authorities	61.98	61.98	-	-
	461.12	420.68	-	-
Less: Provision for doubtful advances / deposits	(461.12)	(420.68)	-	-
	-	-	-	-
Total (A+B)	4,454.70	4,515.26	2,134.03	1,469.41

14 OTHER ASSETS

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
(A) Unsecured, Considered Good				
Non-current bank balances [Refer Note 18]	468.54	90.69	-	-
Interest accrued on bank deposits	-	-	12.84	13.22
Insurance claim receivables	-	-	-	0.33
Mark to market gain on derivative contracts	-	-	933.73	209.49
Export incentives receivable	-	-	3,220.62	2,347.43
	468.54	90.69	4,167.19	2,570.47
(B) Unsecured, Considered doubtful				
Export incentives receivable	-	326.63	-	-
Provision for doubtful assets	-	(326.63)	-	-
	-	-	-	-
Total (A+B)	468.54	90.69	4,167.19	2,570.47

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

	March 31, 2014	March 31, 2013
15 CURRENT INVESTMENTS		
Unquoted mutual funds (valued at lower of cost and fair value)		
L & T Liquid Fund - Growth	-	500.00
Nil [2013 : 31,317 units of Rs. 1,596.59 each fully paid-up]		
IDFC Cash fund - Growth	-	500.00
Nil [2013 : 35,333 units of Rs. 1,415.12 each fully paid-up]		
Unquoted government securities		
National Savings Certificate and Indira Vikas Patra (maturing within twelve months)	0.09	0.09
	<u>0.09</u>	<u>1,000.09</u>
Note :		
(a) Aggregate amount of unquoted investments	0.09	1,000.09
16 INVENTORIES		
(Valued at lower of cost and net realisable value)		
Raw materials (including packing materials) [includes material in transit Rs.70.02 lakhs (2013: 175.88 lakhs)]	8,525.63	12,521.54
Work-in-progress	7,168.32	8,409.93
Finished goods	4,406.80	3,558.25
Consumables, stores and spares parts	281.14	148.44
	<u>20,381.89</u>	<u>24,638.16</u>

17 TRADE RECEIVABLES

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
- Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	21.24	315.61	316.25
Unsecured, considered doubtful	-	-	1,254.07	225.00
	-	21.24	1,569.68	541.25
Less: Provision for doubtful receivables	-	-	1,254.07	225.00
	-	21.24	315.61	316.25
Other receivables				
Unsecured, considered good	-	-	9,753.71	7,721.09
	-	21.24	10,069.32	8,037.34

18 CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2014	31 March 2013	31 March 2014	31 March 2013
Cash and cash equivalents				
Cash on hand	-	-	32.13	45.59
Balance with banks :				
-- in current accounts	-	-	2,146.68	557.57
-- in EEFC accounts	-	-	6.63	31.27
-- in unpaid dividend accounts	-	-	0.60	1.07
Deposits with original maturity for less than 3 months	-	-	1,600.00	850.00
	-	-	3,786.04	1,485.50
Other bank balances				
Deposits with original maturity for more than 12 months*	468.54	90.69	90.69	56.41
	468.54	90.69	90.69	56.41
	<u>468.54</u>	<u>90.69</u>	<u>3,876.73</u>	<u>1,541.91</u>

* Includes Rs 402 lakhs (2013 - Nil) held by the bank as security against the term loan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

	March 31, 2014	March 31, 2013
19 REVENUE FROM OPERATIONS		
(A) Sale of Finished goods		
-- Exports	86,506.00	75,081.61
-- Domestic	19,079.73	16,931.31
	<u>105,585.73</u>	<u>92,012.92</u>
(B) Other operating revenue		
Sale of accessories, fabrics, etc	910.93	1,515.13
Job work income	1,733.89	1,286.83
Export incentives	4,409.11	4,118.01
Scrap sales and others (including claims)	624.61	923.16
	<u>7,678.54</u>	<u>7,843.13</u>
Revenue from operations (gross)	<u>113,264.27</u>	<u>99,856.05</u>
20 OTHER INCOME		
Interest income on bank deposit (gross)	37.31	189.06
[Tax deducted at source -Rs.3.73 lakhs (2013 : Rs.18.9 lakhs)]		
Dividend income on current investments	-	5.98
Gain (net) on sale of current investments	65.46	56.28
Profit on sale of fixed assets	931.60	43.35
Excess provision of earlier years written back	261.19	-
Other non-operating income	295.08	583.97
	<u>1,590.64</u>	<u>878.64</u>
21 COST OF RAW MATERIALS CONSUMED		
Inventory at the beginning of the year	12,521.54	7,003.87
Add: purchases	<u>52,776.36</u>	<u>58,154.75</u>
	65,297.90	65,158.62
Less: inventory at the end of the year	<u>8,525.63</u>	<u>12,521.54</u>
Cost of raw materials consumed	<u>56,772.27</u>	<u>52,637.08</u>
22 (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventories at the beginning of the year		
Work-in-progress	8,409.93	6,006.19
Finished goods	<u>3,558.25</u>	<u>3,955.16</u>
	11,968.18	9,961.35
Inventories at the end of the year		
Work-in-progress	7,168.32	8,409.93
Finished goods	<u>4,406.80</u>	<u>3,558.25</u>
	<u>11,575.12</u>	<u>11,968.18</u>
	<u>393.06</u>	<u>(2,006.83)</u>
23 EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus*	28,594.15	30,807.09
Contribution to provident fund and other fund	2,847.66	3,061.68
Gratuity expense	684.62	466.97
Staff welfare expenses	<u>1,140.99</u>	<u>1,336.35</u>
	<u>33,267.42</u>	<u>35,672.09</u>

* includes director's performance bonus of Rs. 35 lakhs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

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

	March 31, 2014	March 31, 2013
24 OTHER EXPENSES		
Consumption of consumables, stores and spares	952.85	1,281.54
Power and fuel	2,326.58	2,337.28
Job work charges	885.25	1,341.91
Other manufacturing expenses	821.89	718.69
Rent	2,573.60	2,359.23
Rates and taxes	117.43	252.26
Insurance	357.69	330.53
Repairs and maintenance		
- Plant and machinery	605.31	653.58
- Buildings	99.93	92.32
- Others	529.82	650.74
Legal and professional charges	350.66	566.37
Printing and stationery	131.87	144.96
Communication costs	217.70	278.92
Travelling and conveyance	328.36	420.30
Auditors' remuneration	59.62	42.89
Director's remuneration	100.00	98.25
Director's sitting fee	6.81	5.84
Clearing, forwarding and freight (net of recoveries)	1,667.72	1,092.78
Provision for doubtful deposits and advances	71.82	221.55
Irrecoverable balances written off	67.66	147.02
Provision for doubtful debts	1,029.07	-
Bad debts written off	21.70	42.77
Exchange differences (net)	2,793.89	1,065.26
Export claims	389.84	365.06
Miscellaneous expenses	1,412.59	1,809.34
	17,919.66	16,319.39
25 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on tangible assets	2,673.10	3,093.58
Amortisation on intangible assets	55.86	315.91
	2,728.96	3,409.49
26 FINANCE COSTS		
Interest		
- on term loans [Refer Note below]	40.26	82.01
- on packing credit	2,572.00	2,378.74
- on bill discounting and others	556.31	399.50
Exchange difference to the extent considered as an adjustment to borrowing cost	63.34	265.59
Bank charges	768.55	634.91
	4,000.46	3,760.75

Note :

Interest on term loans is net of interest subvention subsidy Rs. 7.65 lakhs (2013 : Rs. 55.67 lakhs) under Technology Upgradation Scheme.

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

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

	31 March 2014	31 March 2013
Claims against the Group not acknowledged as debts	497.07	382.70
Guarantees given by banks	2.00	19.81
Outstanding letters of credit	1,680.56	963.79
Bills discounted with banks	9,372.68	10,232.48

28. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	15.38	62.48
(b) For commitments relating to lease arrangements, refer Note 32		
(c) For commitments relating to forward contracts, refer Note 33		

29. Gratuity

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

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet:

	31 March 2014	31 March 2013
Net employee benefit expense (in statement of profit and loss) :		
Current service cost	453.15	406.46
Interest cost on benefit obligation	104.57	85.22
Expected Return on Plan Assets	(11.61)	(17.62)
Actuarial loss/(gain)	138.51	(7.09)
Net benefit expense	684.62	466.97
Actual return on plan asset	5.24	17.68
Details of Provision for gratuity (in Balance Sheet)		
Defined benefit obligation	1,661.54	1,339.81
Fair value of plan asset	(140.68)	(173.09)
Plan liability / (asset)	1,520.86	1,166.72
Changes in the present value of defined benefit obligation		
Opening defined benefit obligation	1,339.81	1,252.46
Current Service Cost	453.15	406.46
Interest Cost	104.57	85.22
Benefits Paid	(368.13)	(397.30)
Actuarial (gain)/loss	132.14	(7.03)
Closing defined benefit obligation	1,661.54	1,339.81

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

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

	31 March 2014	31 March 2013
Opening fair value of plan asset	173.09	294.31
Expected return	11.61	17.62
Actuarial gain/(loss)	(6.37)	0.06
Contributions by employer	330.48	258.40
Benefits Paid	(368.13)	(397.30)
Closing fair value of plan asset	140.68	173.09

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

	31 March 2014	31 March 2013
Interest Rate	9.12%	8.25%
Discount Factor	9.12%	8.25%
Estimated Rate of return on Plan Assets	8.00%	8.00%
Attrition Rate	40.00%	40.00%
Rate of escalation in Salary per annum	20.00%	5.00%
Retirement Age	60 years	60 years

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

	31 March 2014	31 March 2013
Investments with insurer	100%	100%

Notes:

1. The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply & demand in the employment market.
2. The estimated rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled,
3. The Group expects to contribute Rs. 224.20 lakhs to gratuity in 2014-15.

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

	31 March 2014	31 March 2013	31 March 2012	31 March 2011	31 March 2010
Defined benefit obligation	1,661.54	1,339.81	1,252.46	898.46	613.51
Plan assets	(140.68)	(173.09)	(294.31)	(250.14)	(401.87)
(Surplus) / deficit	1,520.86	1,166.72	958.15	648.32	211.64
Experience adjustment on plan liabilities	132.14	(7.03)	52.13	77.89	(19.24)
Experience adjustment on plan assets	6.37	(0.06)	(1.28)	(2.04)	(4.54)

30. Segment information

a) Primary business segment

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

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

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

Geographical Segment	Revenues/Income	Carrying amount of segment assets
In India	26,180.08 (22,489.49)	57,240.74 (59,546.03)
Outside India	86,938.13 (75,610.40)	5,565.56 (4,704.66)
Total	113,118.21 (98,099.89)	62,806.30 (64,250.69)

All fixed assets are located in India.

Notes: Figures in brackets relate to previous year.

31. Related party disclosures

A. Names of related parties and description of relationship:

	Description of Relationship	Names of related parties
a.	<i>Parties where control exists:</i>	
	Immediate Holding Company	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited
	Ultimate holding Company	Blackstone FP Capital Partners (Mauritius) V-B Limited
b.	<i>Key management personnel:</i>	
	Director and Chief Executive Officer	Mr. Gautam Chakravarti

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

Nature of Transactions	Key Management Personnel
Remuneration to Key Management Personnel	
Mr. Gautam Chakravarti	135.00 (98.25)
Balances outstanding as at March 31, 2014 :	
Trade payables and other current liabilities	
Mr. Gautam Chakravarti	42.73 (13.27)

Note:

- (i) Figures in brackets relates to previous year
(ii) There is no stock compensation cost in respect of options issued to key management personnel.

32. Leasing Arrangements:

The Group's leasing arrangements in respect of its office, factory and residential premises are in the nature of operating leases. These leasing arrangements, which are usually cancellable at the option of the lessee, are for a total period ranging from eleven months to six years and are renewable with mutual consent. All leases include a clause to enable upward revision of the rental charge on a periodic basis as specified under the rental agreement. The charge on account of lease rentals for the year is Rs.2,573.60 lakhs (2013: Rs. 2,359.23 lakhs).

Future obligations of lease rentals for non cancellable period under respective lease agreements are as follows.

	31 March 2014	31 March 2013
Not later than one year	200.47	166.81
Later than one year and not later than five years	-	-
Later than five years	-	-
	200.47	166.81

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

33. Derivative instruments and unhedged foreign currency exposure**a) Particulars of Derivative contracts:** Forward contract outstanding as at balance sheet date

Sell contracts	31 March 2014		31 March 2013		Purpose
	foreign currency (in lakhs)	Rs. (in lakhs)	foreign currency (in lakhs)	Rs. (in lakhs)	
USD	471.95	28,349.76	509.58	27,747.18	Hedge of expected future sales
EURO	60.10	4,963.66	-	-	

b) As of the Balance Sheet date, the Group unhedged foreign currency exposure is as under:

	Receivables / (Payables)			
	31 March 2014		31 March 2013	
	Amount in foreign currency	Amount in Rs. lakhs	Amount in foreign currency	Amount in Rs. lakhs
Bank balances – USD	11,033	6.63	57,421	31.27
Trade receivables – USD*	6,277,814	3,771.09	7,294,774	3,972.00
Trade receivables – EUR*	1,150,651	950.32	103,812	72.24
Trade receivables – GBP*	149,276	148.98	315,310	259.80
Loans and advances – USD	1,092,107	656.11	720,437	392.35
Loans and advances – EUR	17,738	14.65	11,598	8.07
Loans and advances – GBP	24,461	24.41	242	0.20
Short-term borrowings – USD	(289,502)	(173.93)	(9,082,344)	(4,946.24)
Trade payables – USD	(3,624,601)	(2,177.66)	(2,795,840)	(1,522.61)
Trade payables – EUR	(1,213)	(1.00)	(1,279)	(0.89)
Trade payables – GBP	(34)	(0.03)	-	-
Advances received from customers – USD	(73,404)	(44.09)	(189,858)	(103.38)
Advances received from customers – EUR	(3,037)	(2.51)	(1,136)	(0.79)

* net of export bills discounted

34. Exchange difference loss / (gain)

	31 March 2014	31 March 2013
Pre-shipment packing credit	299.34	429.38
Post-shipment credit	(239.56)	(204.85)
Forward contracts and options	2,920.89	812.81
Foreign currency receivables	(315.91)	(9.19)
Foreign currency payables	129.13	37.11
	2,793.89	1,065.26

35. Employee stock option Plans

In September 2010, the shareholders of the Group approved Stock Option Plan (ESOP 2010) in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) for Employees Stock Options Plan. The plan covered all employees of the Group and directors and provided for the issue of 1,718,800 shares of Rs. 5 each. The Group follows intrinsic method of accounting for stock compensation cost pursuant to the Guidance Note on "Accounting for Employee Share - Based Payments" issued by the Institute of Chartered Accountants of India.

1,290,000 options have been granted during the year and are outstanding as at March 31, 2014. The vesting period ranges from 1 to 7 years. Weighted average of remaining contractual life is 9.25 years. The weighted average exercise price of all the options is Rs. 36.70. There is no compensation cost since the exercise price is equal to the intrinsic value as at the date of grant.

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

The weighted average fair value of options granted during the year was Rs. 26.56. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2014
Dividend yield %	-
Expected volatility %	46.70%
Risk free interest rate	9.12%
Weighted average share price	36.70
Exercise price	32.25 & 60.95
Expected life of options granted in years	10

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The Group measures the cost of ESOP using the intrinsic value method. Had the Group used the fair value model to determine compensation, its profit after tax and earnings per share as reported would not have changed.

36. The Group is in process of taking necessary steps to comply with the Transfer Pricing requirements relating to the preparation & maintenance of the Transfer Pricing documentation with respect to the specified domestic transactions entered into by the Group during financial year ended March 31, 2014. The Management is of the opinion that the specified domestic transactions are at arm's length and hence the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
37. The Company had filed petition with the Company Law Board for compounding of offence u/s. 297 of the Companies Act, 1956 for the transactions entered with CMS Info Systems Private Limited between July 2009 to October 2011 and as at date, the petition is pending with the Company Law Board.

For periods subsequent to October 2011, the Company has filed an application with Central Government, Ministry of Corporate Affairs, seeking its approval u/s. 297(1) of the Companies Act, 1956 for entering into contract with CMS Info Systems Private Limited which is pending approval

38. Previous year comparatives

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

As per our report of even date

For Girish Murthy & Kumar
Chartered Accountants
ICAI Firm Registration No: 000934S

per A.V. Satish Kumar
Partner
Membership No. F-26526
Place: Bengaluru
Date: May 10, 2014

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E

per Navin Agrawal
Partner
Membership No: 56102
Place: Bengaluru
Date: May 10, 2014

**For and on behalf of the
Board of Directors
Gokaldas Exports Limited**

Richard B Saldanha
Chairman

Gautam Chakravarti
Director & Chief Executive Officer

Sumit Keshan
Chief Financial Officer

Ramya Kannan
Company Secretary
Place: Bengaluru
Date: May 10, 2014

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Culture building through behavioural change

1. Team Work

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

2. Trust one another

1. Empowerment
2. Direct & open communication

3. Challenge one another

1. Raising the bar
2. Going the extra mile

4. Honour our commitment

1. Do whatever it takes
2. Play to win

5. Goal Oriented

1. Focus on KPI'S



Have I demonstrated the behaviors ?

Have I communicated these to our team member ??

Have I challenged others to demonstrate these behaviors ???



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