

**RAFTER TRADING PRIVATE LIMITED****Balance Sheet as at 31 March 2015***All amounts in Indian Rupees, except stated otherwise*

|                                      | Notes | 31 March 2015     | 31 March 2014     |
|--------------------------------------|-------|-------------------|-------------------|
| <b><u>EQUITY AND LIABILITIES</u></b> |       |                   |                   |
| <b>Shareholder's funds</b>           |       |                   |                   |
| Share Capital                        | 3     | 200,000           | 200,000           |
| Reserves and Surplus                 | 4     | 6,886,969         | 6,440,438         |
|                                      |       | <b>7,086,969</b>  | <b>6,640,438</b>  |
| <b>Non- current liabilities</b>      |       |                   |                   |
| Long-term borrowings                 |       |                   |                   |
| Long-term Provisions                 | 5     | -                 | 7,525,957         |
| Deferred Tax liabilities             |       | 695,275           | -                 |
|                                      |       | <b>695,275</b>    | <b>7,525,957</b>  |
| <b>Current Liabilities</b>           |       |                   |                   |
| Trade payables                       | 6     | 753,325           | 154,432           |
| Other current liabilities            | 6     | 29,190,885        | 33,967,562        |
| Short term provisions                | 5     | 10,851,502        | 6,167,665         |
|                                      |       | <b>40,795,712</b> | <b>40,289,659</b> |
| <b>TOTAL</b>                         |       | <b>48,577,956</b> | <b>54,456,054</b> |
| <b><u>ASSETS</u></b>                 |       |                   |                   |
| <b>Non-current assets</b>            |       |                   |                   |
| Fixed assets                         | 7     |                   |                   |
| Tangible assets                      |       | 14,693,031        | 19,267,361        |
| Intangible assets                    |       | -                 | -                 |
| Capital work-in-progress             |       | -                 | -                 |
|                                      |       | <b>14,693,031</b> | <b>19,267,361</b> |
| Long-term loans and advances         | 8     | 16,575,898        | 17,797,692        |
|                                      |       | <b>31,268,929</b> | <b>37,065,053</b> |
| <b>Current assets</b>                |       |                   |                   |
| Trade receivables                    | 9     | 15,250,691        | 14,840,781        |
| Cash and Cash equivalents            | 10    | 1,760,892         | 1,680,988         |
| Short-term loans and advances        | 8     | 297,444           | 869,232           |
|                                      |       | <b>17,309,027</b> | <b>17,391,001</b> |
| <b>TOTAL</b>                         |       | <b>48,577,956</b> | <b>54,456,054</b> |

Summary of significant accounting policies 2  
The accompanying notes are integral part of the financial statements.  
As per our report of even date

Vide our report of even date,

For Satish & Ravi Associates

Firm Regn. No.007214S

Chartered Accountants,

*Satish Makhiya*

(SATISH MAKHIYA)

Partner

M No. 204258

Place : Bangalore

Date : 20th May 2015



For and on behalf of the Board  
For RAFTER TRADING PRIVATE LIMITED

*Gautam Chakravarti*

Gautam Chakravarti  
Director

*Sumit Keshan*

Sumit Keshan  
Director

**RAFTER TRADING PRIVATE LIMITED****Statement of profit and loss for the year ended 31 March 2015***All amounts in Indian Rupees, except stated otherwise*

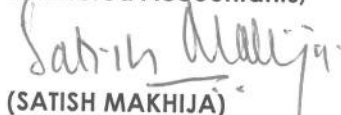
|   | Notes | 31 March 2015      | 31 March 2014      |
|---|-------|--------------------|--------------------|
| Revenue from operations (Net)   | 11    | 317,529,328        | 296,918,377        |
| Other income  | 12    | 1,040,727          | 1,750,819          |
| <b>Total Revenue</b>  |       | <b>318,570,055</b> | <b>298,669,196</b> |
| <b>Expenses</b>   |       |                    |                    |
| Employee benefits expense   | 13    | 269,432,970        | 257,455,846        |
| Other expenses  | 14    | 41,712,723         | 36,604,536         |
| Depreciation and amortisation expense                                   | 15    | 4,472,539          | 2,260,086          |
| Finance costs   | 16    | 15,081             | 8,408              |
| <b>Total Expenses</b>   |       | <b>315,633,313</b> | <b>296,328,876</b> |
| Profit before tax   |       | 2,936,742          | 2,340,320          |
| <b>Tax expense:</b>   |       |                    |                    |
| Current tax   |       | 2,289,468          | 803,896            |
| Tax of earlier years (net)  |       | (596,325)          | 865,955            |
| Deferred tax charge / (credit)  |       | 695,275            | -                  |
|   |       | 2,388,418          | 1,669,851          |
| <b>Profit for the period</b>  |       | <b>548,324</b>     | <b>670,469</b>     |
| <b>Earnings per equity share - (Nominal value per share - Rs. 10) :</b> |       |                    |                    |
| Basic   |       | 27.42              | 33.52              |
| Diluted   |       | 27.42              | 33.52              |
| Summary of significant accounting policies                              | 2     |                    |                    |
| The accompanying notes are integral part of the financial statements.   |       |                    |                    |

Vide our report of even date,

For Satish &amp; Ravi Associates

Firm Regn. No.007214S

Chartered Accountants,

  
(SATISH MAKHIJA)

Partner

M No. 204258

Place : Bangalore

Date : 20th May 2015

For and on behalf of the Board  
For RAFTER TRADING PRIVATE LIMITEDGautam Chakravarti  
DirectorSumit Keshan  
Director

**RAFTER TRADING PRIVATE LIMITED****Notes to financial statements for the year ended 31 March 2015**

All amounts in Indian Rupees, except stated otherwise

**3 Share Capital****Authorized shares**

20,000 (2014:20,000) Equity Shares of Rs. 10 each

**31 March 2015** **31 March 2014**

200,000 200,000

200,000 200,000**Issued, subscribed and fully paid-up**

20,000 (2014:20,000) Equity Shares of Rs. 10 each fully paid-up

200,000 200,000

200,000 200,000**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

| Equity shares                        | 31 March 2015 |         | 31 March 2014 |         |
|--------------------------------------|---------------|---------|---------------|---------|
|                                      | No.           | Amount  | No.           | Amount  |
| At the beginning of the period       | 20,000        | 200,000 | 20,000        | 200,000 |
| Issued during the period             | -             | -       | -             | -       |
| Outstanding at the end of the period | 20,000        | 200,000 | 20,000        | 200,000 |

**b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- 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 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**

|   | 31 March 2015<br>Amount | 31 March 2014<br>Amount |
|---|-------------------------|-------------------------|
| Holding Company :<br>Gokaldas Exports Ltd., | 200,000                 | 200,000                 |

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

| Equity shares  | 31 March 2015 |                | 31 March 2014 |                |
|--|---------------|----------------|---------------|----------------|
|  | No.           | shareholding % | No.           | shareholding % |
| Equity shares of Rs.10 each fully paid<br>Gokaldas Exports Ltd., | 20,000        | 100.00%        | 20,000        | 100.00%        |

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.

**4 Reserves and Surplus****Securities Premium Reserve**

Balance as per last account

**31 March 2015** **31 March 2014**

3,472,000 3,472,000

**Surplus / (deficit) in the statement of profit and loss**

Balance as per last financial statements

2,968,438 2,297,969

Depreciation Reserve as per new Schedule II

(101,793) -

Profit / (loss) for the year

548,324 670,469

Net surplus / (deficit) in the statement of profit and loss

3,414,969 2,968,438**Total Reserves and Surplus**6,886,969 6,440,438

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH, 31, 2015

7 Tangible assets

|                          | Building  | Improvement on<br>lease hold rights | Electrical<br>Equipments | Office<br>Equipments | Furniture &<br>Fixtures | Plant &<br>Machinery | Total      |
|--------------------------|-----------|-------------------------------------|--------------------------|----------------------|-------------------------|----------------------|------------|
| <i>Cost or valuation</i> |           |                                     |                          |                      |                         |                      |            |
| At 1 April 2013          | 1,734,940 | 1,169,931                           | 13,814,458               | 775,990              | 7,638,615               | 13,970,274           | 39,104,208 |
| Additions                |           | 395,025                             |                          |                      |                         | 7,210,500            | 7,605,525  |
| Other adjustments        |           |                                     |                          |                      |                         |                      | -          |
| Disposals                | 1,734,940 | 1,564,956                           | 13,814,458               | 775,990              | 7,638,615               | 21,180,774           | 46,709,733 |
| <b>At 31 March 2014</b>  |           |                                     |                          |                      |                         |                      |            |
| Additions                | 1,734,940 | 1,564,956                           | 13,814,458               | 775,990              | 7,638,615               | 21,180,774           | 46,709,733 |
| Other adjustments        |           |                                     |                          |                      | -                       |                      | -          |
| Disposals                | 1,734,940 | 1,564,956                           | 13,814,458               | 775,990              | 7,638,615               | 21,180,774           | 46,709,733 |
| <b>At 31 March 2015</b>  |           |                                     |                          |                      |                         |                      |            |
|                          | 1,734,940 | 1,564,956                           | 13,814,458               | 775,990              | 7,638,615               | 21,180,774           | 46,709,733 |
| <i>Depreciation</i>      |           |                                     |                          |                      |                         |                      |            |
| At 1 April 2013          | 1,442,411 | 374,448                             | 8,890,244                | 438,434              | 5,770,091               | 8,266,658            | 25,182,286 |
| Charge for the year      |           | 105,847                             | 684,958                  | 23,733               | 338,203                 | 1,107,343            | 2,260,084  |
| Disposals                |           |                                     |                          |                      |                         |                      | -          |
| <b>At 31 March 2014</b>  |           |                                     |                          |                      |                         |                      |            |
| Charge for the year      | 1,442,411 | 480,295                             | 9,575,202                | 462,167              | 6,108,294               | 9,374,001            | 27,442,370 |
| Disposals                | 22,483    | 83,364                              | 2,516,527                | -                    | 730,493                 | 1,119,672            | 4,472,539  |
| Dep on Expired           |           |                                     |                          | 123,986              |                         | (22,193)             | 101,793    |
| <b>At 31 March 2015</b>  |           |                                     |                          |                      |                         |                      |            |
| Net Block                | 1,464,894 | 563,659                             | 12,091,729               | 586,153              | 6,838,787               | 10,471,480           | 32,016,702 |
| <b>At 31 March 2014</b>  |           |                                     |                          |                      |                         |                      |            |
| At 31 March 2015         | 292,529   | 1,084,660                           | 4,239,256                | 313,823              | 1,530,321               | 11,806,773           | 19,267,361 |
|                          | 270,046   | 1,001,297                           | 1,722,729                | 189,837              | 799,828                 | 10,709,294           | 14,693,031 |

**RAFTER TRADING PRIVATE LIMITED**

Notes to financial statements for the year ended 31 March 2015

**5 Provisions**

|                                 | Long Term     |                  | Short term        |                  |
|---------------------------------|---------------|------------------|-------------------|------------------|
|                                 | 31 March 2015 | 31 March 2014    | 31 March 2015     | 31 March 2014    |
| Provision for employee benefits |               |                  |                   |                  |
| Provision for gratuity          | -             | 7,525,957        | 6,581,751         | 1,375,846        |
| Provision for leave benefits    | -             | -                | 4,269,751         | 4,791,819        |
|                                 | -             | <b>7,525,957</b> | <b>10,851,502</b> | <b>6,167,665</b> |

**6 Trade payables and Other Current Liabilities**

|                                  | 31 March 2015     | 31 March 2014     |
|----------------------------------|-------------------|-------------------|
| <b>Trade Payables</b>            |                   |                   |
| to Micro and Small Enterprises   |                   |                   |
| to Others                        | 753,325           | 154,432           |
|                                  | <b>753,325</b>    | <b>154,432</b>    |
| <b>Other current liabilities</b> |                   |                   |
| Employees benefit payable        | 21,120,373        | 25,860,564        |
| Other expenses payable           | 3,128,651         | 4,369,358         |
| Book Overdraft                   | 1,569,506         | -                 |
| ESI payable                      | 717,434           | 945,858           |
| Provident fund payable           | 2,529,658         | 2,579,164         |
| TDS payable                      | 93,113            | 188,368           |
| Professional Tax Payable         | 32,150            | 24,250            |
|                                  | <b>29,190,885</b> | <b>33,967,562</b> |
|                                  | <b>29,944,210</b> | <b>34,121,994</b> |

**8 Loans and advances**

(unsecured, considered good)

|                                     | Non-current       |                   | Current        |                |
|-------------------------------------|-------------------|-------------------|----------------|----------------|
|                                     | 31 March 2015     | 31 March 2014     | 31 March 2015  | 31 March 2014  |
| Security deposits                   | 6,099,739         | 5,752,839         | -              | -              |
| Advances recoverable in cash / kind | -                 | -                 | 102,375        | 112,542        |
| Advance Tax net of provisions       | 10,476,159        | 12,044,853        | -              | -              |
| Prepaid expenses                    | -                 | -                 | 182,795        | 15,900         |
| Loans and advances to employees     | -                 | -                 | 12,274         | 740,790        |
|                                     | <b>16,575,898</b> | <b>17,797,692</b> | <b>297,444</b> | <b>869,232</b> |

**9 Trade Receivables**

(unsecured, considered good)

- Outstanding for a period exceeding six months from the date they are due for payment

- Other receivables

From Holding Company

|  | Current           |                   |
|--|-------------------|-------------------|
|  | 31 March 2015     | 31 March 2014     |
|  | -                 | -                 |
|  | 481,282           | 2,563,745         |
|  | 14,769,409        | 12,277,036        |
|  | <b>15,250,691</b> | <b>14,840,781</b> |

**10 Cash and bank balances**Cash and cash equivalents

Balance with banks :

    -- in Current accounts

Cash on hand

|  | Current          |                  |
|--|------------------|------------------|
|  | 31 March 2015    | 31 March 2014    |
|  | 1,541,543        | 1,356,890        |
|  | 219,349          | 324,098          |
|  | <b>1,760,892</b> | <b>1,680,988</b> |

**RAFTER TRADING PRIVATE LIMITED****Notes to financial statements for the year ended 31 March 2015***All amounts in Indian Rupees, except stated otherwise*

|   | <b>31 March 2015</b> | <b>31 March 2014</b> |
|---|----------------------|----------------------|
| <b>11 Revenue from operations</b>               |                      |                      |
| Job work income                                 | 317,529,328          | 296,918,377          |
|   | <b>317,529,328</b>   | <b>296,918,377</b>   |
| <b>12 Other Income</b>                          |                      |                      |
| Other non-operating income                      | 359,037              | 1,750,819            |
| Excess provision of earlier years written back  | 681,690              | -                    |
|   | <b>1,040,727</b>     | <b>1,750,819</b>     |
| <b>13 Employee benefits expense</b>             |                      |                      |
| Salaries, wages and bonus                       | 225,704,599          | 218,232,930          |
| Contribution to provident fund and other fund   | 30,424,129           | 25,165,352           |
| Gratuity expense                                | 1,952,309            | 3,033,866            |
| Staff welfare expenses                          | 11,351,933           | 11,023,698           |
|   | <b>269,432,970</b>   | <b>257,455,846</b>   |
| <b>14 Other expenses</b>                        |                      |                      |
| Power and fuel                                  | 16,957,447           | 14,801,721           |
| Job work charges                                | 395,294              | 472,613              |
| Other manufacturing expenses                    | 6,451,813            | 4,166,592            |
| Repairs and maintenance                         |                      |                      |
| - Plant and machinery                           | 1,684,120            | 1,702,294            |
| - Buildings                                     | 619,285              | 1,610,283            |
| - Others  | 1,576,327            | 1,050,798            |
| Rent  | 8,006,419            | 7,699,063            |
| Rates and taxes                                 | 147,514              | 123,906              |
| Legal and professional charges                  | 430,445              | 255,347              |
| Printing and stationery                         | 3,432                | 4,740                |
| Communication costs                             | 4,800                | 330                  |
| Travelling and conveyance                       | 810,226              | 850,085              |
| Auditors' Remuneration                          | 50,000               | 44,382               |
| Other Miscellaneous expenses                    | 4,575,601            | 3,822,382            |
|   | <b>41,712,723</b>    | <b>36,604,536</b>    |
| <u>Payment to auditor</u>                       |                      |                      |
| As Auditor                                      |                      |                      |
| Audit fees                                      | 50,000               | 44,382               |
|   | <b>50,000</b>        | <b>44,382</b>        |
| <b>15 Depreciation and amortisation expense</b> |                      |                      |
| Depreciation on tangible assets                 | 4,472,539            | 2,260,086            |
|   | <b>4,472,539</b>     | <b>2,260,086</b>     |
| <b>16 Finance costs</b>                         |                      |                      |
| Bank charges                                    | 11,248               | 8,408                |
| Interest on others                              | 3,833                | -                    |
|   | <b>15,081</b>        | <b>8,408</b>         |

**RAFTER TRADING PRIVATE LIMITED**

Cash-flow statement for the year ended 31 March 2015

All amounts in Indian Rupees, except stated otherwise

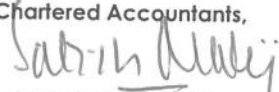
| PARTICULARS  | 2015             | 2014               |
|--|------------------|--------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                             |                  |                    |
| Profit before tax from continuing operations                               | 2,936,742        | 2,340,320          |
| Loss before tax  | 2,936,742        | 2,340,320          |
| Non-cash adjustment to reconcile profit before tax to net cash flow        |                  |                    |
| Depreciation/amortization on continuing operations                         | 4,472,539        | 2,260,086          |
| Interest expense   | 3,833            | -                  |
| Interest earned  | (359,037)        | (1,750,819)        |
| <b>Operating Profit before working capital changes</b>                     | <b>7,054,077</b> | <b>2,849,587</b>   |
| Movements in Working Capital :   |                  |                    |
| (Increase)/Decrease in trade receivables                                   | (409,910)        | 4,570,693          |
| (Increase)/Decrease in non current loans and advances                      | (346,900)        | (239,090)          |
| (Increase)/Decrease in current loans and advances                          | 571,788          | (173,640)          |
| Increase/(Decrease) in trade payables                                      | 598,893          | (741,940)          |
| Increase/(Decrease) in other current liabilities                           | (4,776,677)      | (3,151,911)        |
| Increase/(Decrease) in long term provisions                                | (7,525,957)      | 1,735,750          |
| Increase/(Decrease) in short term provisions                               | 4,683,837        | 1,720,150          |
| <b>Cash Generated from /(used in) Operations</b>                           | <b>(150,849)</b> | <b>6,569,599</b>   |
| Direct taxes paid (net of refunds)   | (124,451)        | 578,895            |
| <b>Net Cash Flow from Operating Activities</b>                             | <b>(275,300)</b> | <b>7,148,494</b>   |
| <b>Net Cash Flow from/(used in) Operating Activities</b>                   | <b>(275,300)</b> | <b>7,148,494</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                             |                  |                    |
| Interest received  | 359,037          | 1,750,819          |
| Purchase of Fixed Assets   | -                | (7,605,525)        |
| Proceeds from Sale of Fixed Assets   | -                | -                  |
| <b>Net Cash Flow from / (used in) Investing Activities</b>                 | <b>359,037</b>   | <b>(5,854,706)</b> |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                             |                  |                    |
| Interest paid  | (3,833)          | -                  |
| <b>Net Cash Flow from / (used in) Financing Activities</b>                 | <b>(3,833)</b>   | <b>-</b>           |
| <b>D. Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b> | <b>79,904</b>    | <b>1,293,788</b>   |
| <b>E. Opening Balance of Cash &amp; Cash Equivalents</b>                   | <b>1,680,988</b> | <b>387,200</b>     |
| <b>F. Closing Balance of Cash &amp; Cash Equivalents</b>                   | <b>1,760,892</b> | <b>1,680,988</b>   |
| Components of Cash and Cash Equivalents                                    |                  |                    |
| Cash on hand   | 219,349          | 324,098            |
| Bank Balances with Scheduled Banks:  |                  |                    |
| -- in Current Accounts   | 1,541,543        | 1,356,890          |
|  | <b>1,760,892</b> | <b>1,680,988</b>   |
|  | <b>1,760,892</b> | <b>1,680,988</b>   |

Vide our report of even date,

For Satish &amp; Ravi Associates

Firm Regn. No.007214S

Chartered Accountants,



(SATISH MAKHIJA)

Partner

M No. 204258

Place : Bangalore

Date : 20th May 2015

For and on behalf of the Board  
For RAFTER TRADING PRIVATE LIMITED

Gautam Chakravarti  
Director

Sumit Keshan  
Director

## **RAFTER TRADING PRIVATE LIMITED**

### **SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2015**

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#### **1. Corporate Information:**

**Rafter Trading Private Limited** (herein after referred to as "the Company") was incorporated on 18th June 2004. The Company took over all the assets and liabilities of M/s Hinduja Sports Wear as a going concern on 1st July 2004. The Company became a subsidiary of Gokaldas Exports Limited (formerly known as Gokaldas India Pvt. Ltd.,) on 1st December 2004.

#### **2. Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

##### **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.

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) 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 with residual value at 5%, which is equal to the corresponding rates prescribed under schedule II of the Companies Act, 2013.

|                                 | <u>useful life estimated by the management (years)</u> |
|---------------------------------|--|
| Buildings                       | 30   |
| Plant & Machinery               | 15   |
| Electrical Equipments           | 10   |
| Office Equipments               | 5  |
| Furniture & Fixtures            | 10   |
| Computers                       | 6  |
| Vehicles                        | 8  |
| Computer Software (Intangibles) | 3  |

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower which ranges between 5 to 10 years

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

**d) 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.

**e) Impairment of tangible and intangible assets**

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

**f) 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.

**g) 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.

**h) 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.

**i) 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.

**j) Retirement and Other Employee Benefits**

**(i) Defined Contribution Plans:**

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

**(ii) Defined Benefit Plans:**

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

**(iii) Compensated absences:**

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

#### **k) 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.

#### **l) 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.

#### **m) 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.

**n) Segment Reporting Policies**

**(i) Identification of segments:**

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

**(ii) Basis of allocation:**

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

**(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.

**o) 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.

**p) 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.

**q) Cash and Cash equivalents**

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

## Notes to Account

### 17. Contingent liabilities

(Amount in Rs.)

| Particulars   | 2015    | 2014    |
|---|---------|---------|
| Claims against the Company not acknowledged as debts  | 751,190 | 751,190 |
| Guarantees given by banks   | Nil     | Nil     |
| Outstanding letters of credit   | Nil     | Nil     |
| Export Bills discounted with banks  | Nil     | Nil     |
| Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) | Nil     | Nil     |

The Company is also involved in a litigation with a third party, the impact of which is not quantifiable. This case is pending with the court and is scheduled for hearings. After considering the circumstances and legal evaluation thereon, the Company's management believes that this case will not have any adverse impact on the financial statements.

### 18. Gratuity

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

The following tables summarise the components of net benefit expense recognised in the Statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans.

Net employee benefit expense (in Statement of Profit and Loss )

(Amount in Rs)

|                                     | 2015             | 2014             |
|-------------------------------------|------------------|------------------|
| Current Service Cost                | 2,263,737        | 2,396,035        |
| Interest cost on benefit obligation | 834,547          | 703,504          |
| Expected Return on Plan Assets      | (395,255)        | (106,679)        |
| Actuarial gain/(loss)               | (750,720)        | 41,006           |
| <b>Net benefit expense</b>          | <b>1,952,309</b> | <b>3,033,866</b> |

Details of Provision for gratuity (in Balance Sheet)

(Amount in Rs)

|  | 2015               | 2014               |
|--|--------------------|--------------------|
| Defined benefit obligation                       | 9,512,455          | 10,003,853         |
| Fair value of plan asset                         | 2,930,704          | 1,102,050          |
| <b>Liability recognized in the balance sheet</b> | <b>(6,581,751)</b> | <b>(8,901,803)</b> |

Changes in the present value of the defined benefit obligation are as follows: (Amount in Rs)

|  | 2015             | 2014              |
|--|------------------|-------------------|
| Opening defined benefit obligation – Current     | 1,375,846        | 1,102,597         |
| Opening defined benefit obligation – Non current | 8,628,007        | 7,366,066         |
| Current Service Cost                             | 2,263,737        | 2,396,035         |
| Interest Cost                                    | 834,547          | 703,504           |
| Benefits Paid                                    | (1,706,237)      | (1,509,602)       |
| Actuarial (gain)/loss                            | (1,883,445)      | (54,747)          |
| <b>Closing defined benefit obligation</b>        | <b>9,512,455</b> | <b>10,003,853</b> |
| Closing defined benefit obligation – Current     | 9,512,455        | 1,375,846         |
| Closing defined benefit obligation – Non current | -                | 8,628,007         |

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

|   | (Amount in Rs)   |                  |
|---|------------------|------------------|
|   | 2015             | 2014             |
| Opening fair value of plan asset        | 1,102,050        | 1,575,859        |
| Expected return                         | 395,255          | 106,679          |
| Actuarial gain/(loss)                   | (1,132,725)      | (95,753)         |
| Employer Contribution                   | 4,272,361        | 1,024,867        |
| Benefits payouts                        | (1,706,237)      | (1,509,602)      |
| <b>Closing fair value of plan asset</b> | <b>2,930,704</b> | <b>1,102,050</b> |

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

|   |        |        |
|---|--------|--------|
| Interest Rate                           | 7.95%  | 9.12%  |
| Discount Factor                         | 7.95%  | 9.12%  |
| 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% | 20.00% |
| Retirement Age                          | 60     | 60     |

The Company expects to contribute Rs.65.80 lakhs to employees gratuity fund trust account in 2015-16.

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

|                              | 2015 | 2014 |
|------------------------------|------|------|
| Investments with insurer (%) | 100  | 100  |

Notes:

1. The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

## 19. Segment information

### a) Primary business segment

The Company is engaged in a single business segment of job workrelated to 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):

(Amount in Rs.)

| Geographical Segment | Revenues                             | Carrying amount of segment assets (Debtors) |
|----------------------|--------------------------------------|---|
| In India             | 317,529,328<br>(296,918,377)         | 15,250,691<br>(14,840,781)                  |
| Outside India        |                                      |   |
| <b>Total</b>         | <b>317,529,328<br/>(296,918,377)</b> | <b>15,250,691<br/>(14,840,781)</b>          |

Note:

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



## 20. Related party disclosures

### A. Names of related parties and description of relationship:

| Ref  | Description of Relationship          | Names of related parties  |
|------|--------------------------------------|---|
| a.   | <i>Parties where control exists:</i> |   |
| (i)  | Immediate Holding Company            | Gokaldas Exports Limited  |
| (ii) | Fellow Subsidiaries                  | Deejay Trading Private Limited<br>Glamourwear Apparels Private Limited<br>Madhin Trading Private Limited<br>Magenta Trading Private Limited<br>All Colour Garments Private Limited<br>Rajdin Apparels Private Limited<br>Reflexion Trading Private Limited<br>Rishikesh Apparels Private Limited<br>Robot Systems Private Limited<br>Seven Hills Clothing Private Limited<br>SNS Clothing Private Limited<br>Vignesh Apparels Private Limited |
| b.   | <i>Key management personnel:</i>     |   |
| (i)  | Director                             | Mr. GautamChakravarti   |
| (ii) | Director                             | Mr. SumitKeshan   |

### 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:

(Amount in Rs)

| Nature of transactions                           | Holding Company              | Fellow Subsidiaries | Others | Total                        |
|--|------------------------------|---------------------|--------|------------------------------|
|  | A(a)                         | A(a)                | A(c)   |                              |
| <b>Income</b>                                    |                              |                     |        |                              |
| Job work charges                                 | 306,696,177<br>(285,226,204) |                     |        | 306,696,177<br>(285,226,204) |
| <b>Balances outstanding as at March 31, 2015</b> |                              |                     |        |                              |
| -- Credit balances                               |                              |                     |        |                              |
| -- Debit balances                                | 14,769,409<br>(12,277,036)   |                     |        | 14,769,409<br>(12,277,036)   |

Figures in brackets relate to previous year.

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

## 21. 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 are usually cancellable at the option of the lessee any time.

**22. Earnings per share**

(Amount in Rs.)

| Particulars  | 2015    | 2014    |
|--|---------|---------|
| Net profit for the year as per Statement of profit and loss before exceptional items | 548,324 | 670,469 |
| Net profit for the year as per Statement of profit and loss after exceptional items  | 548,324 | 670,469 |
| Weighted average number of equity shares (Nos.)                                      | 20,000  | 20,000  |
| Nominal value per share  | 10      | 10      |
| Earnings per share – Basic and diluted   | 27.42   | 33.52   |
| Before exceptional items   |         |         |
| After exceptional items  |         |         |

**23. Deferred taxes – Components Assets / (Liability)**

(Amount in Rs.)

| Particulars   | As at March 31, 2014 | Current year charge/(credit) | As at March 31, 2015 |
|---|----------------------|------------------------------|----------------------|
| Difference between book and tax base of fixed assets          | -                    | 695,275                      | (695,275)            |
| Retirement benefits allowed on payment basis accrued in books | -                    | -                            | -                    |
| Total   | -                    | -                            | -                    |

**24. Remuneration to directors**

(Amount in Rs.)

| Particulars | 2015 | 2014 |
|-------------|------|------|
| Salaries    | Nil  | Nil  |

**25. CIF value of imports**

Current Year : Nil Previous Period : Nil

**26. Expenditure in foreign currency on accrual basis**

Current Year : Nil Previous Period : Nil

**27. Imported and indigenous raw materials, stores and spare parts consumed**

| Particulars                           | 2015           |   | 2014           |   |
|---------------------------------------|----------------|---|----------------|---|
|                                       | Amount (Rs)    | % | Amount (Rs)    | % |
| <i>Raw Materials</i>                  |                |   |                |   |
| Imported                              | Not Applicable |   | Not Applicable |   |
| Indigenous                            |                |   |                |   |
| <i>Consumables, Stores and Spares</i> |                |   |                |   |
| Imported                              | Not Applicable |   | Not Applicable |   |
| Indigenous                            |                |   |                |   |



**28. Depreciation on tangible fixed assets**

Pursuant to the requirements of Schedule II of the Companies Act, 2013 ("the Act"), management has reassessed and changed, wherever necessary the useful lives to compute depreciation. Accordingly, the carrying amount as at April 1, 2014 is being depreciated over the revised remaining useful life of the asset. The carrying value of Rs.101,793 in case of assets with nil revised remaining useful life as at April 1, 2014, is reduced from the retained earnings as at such date. Further, had the Company continued with the previously assessed useful lives, charge for depreciation for the year would have been lower by Rs. 1,784,795 with consequential impact in the profits for the year.

29. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

**30. Earnings in foreign currency**

Current Year : Nil Previous Period : Nil

31. Based on the information available with the company, there are no suppliers who are registered as micro, small or medium enterprises under the Micro, Small or Medium Enterprises Development Act 2006.
32. Previous year's figures have been regrouped/rearranged/reclassified, wherever necessary to conform to the current year's presentation.

**Signatures to schedules 1 to 32**

**For and on behalf of the Board  
For Rafter Trading Private Limited**



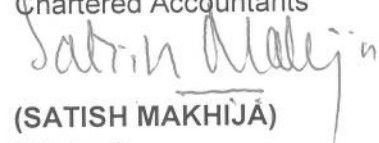
**Gautam Chakravarti**  
Director



**Sumit Keshan**  
Director

Place : Bangalore  
Dated: 20<sup>th</sup> May , 2015

**For Satish & Ravi Associates**  
Firm Regn. No.007214S  
Chartered Accountants



**(SATISH MAKHIYA)**  
(Partner)  
M.N.204258

