

**RAFTER TRADING PRIVATE LIMITED****Balance Sheet as at 31 March 2012***All amounts in Indian Rupees, except stated otherwise*

	Notes	31 March 2012	31 March 2011
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholder's funds</b>			
Share Capital	3	200,000	200,000
Reserves and Surplus	4	5,016,697	4,912,214
		<b>5,216,697</b>	<b>5,112,214</b>
<b>Non-current liabilities</b>			
Long-term borrowings			
Long-term Provisions	5	7,321,028	6,304,049
(b) Deferred Tax liabilities (Net)		33,013	265,201
		<b>7,354,041</b>	<b>6,569,250</b>
<b>Current Liabilities</b>			
Short term borrowings			
Trade payables	6	1,780,440	591,381
Other current liabilities	6	32,344,360	31,295,989
Short term provisions	5	496,997	747,051
		<b>34,621,797</b>	<b>32,634,421</b>
<b>TOTAL</b>		<b>47,192,535</b>	<b>44,315,885</b>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Fixed assets	7		
Tangible assets		15,677,884	18,547,540
Intangible assets		-	-
Capital work-in-progress		-	-
		<b>15,677,884</b>	<b>18,547,540</b>
Non-current investments		-	-
Long-term loans and advances	8	5,649,831	4,742,405
Other non-current assets		-	-
		<b>21,327,715</b>	<b>23,289,945</b>
<b>Current assets</b>			
Current investments		-	-
Inventories		-	-
Trade receivables	9	11,104,998	4,585,938
Cash and Cash equivalents	10	882,809	766,859
Short-term loans and advances	8	13,877,013	15,673,143
Other current assets		-	-
		<b>25,864,820</b>	<b>21,025,940</b>
<b>TOTAL</b>		<b>47,192,535</b>	<b>44,315,885</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 &amp; Ravi Associates

Firm Regn. No.007214S

Chartered Accountants,

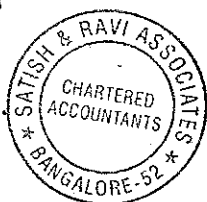
(SATISH MAKHIJA)

Partner

M No. 204258

Place : Bangalore

Date : 7th May 2012

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

Gautam Chakravarti  
Director

Sumit Keshan  
Director

**RAFTER TRADING PRIVATE LIMITED****Statement of profit and loss for the year ended 31 March 2012***All amounts in Indian Rupees, except stated otherwise .*

	Notes	31 March 2012	31 March 2011
Revenue from operations (Gross)	11	254,493,993	273,768,397
Less: Excise duty		-	-
Revenue from operations (Net)		254,493,993	273,768,397
Other income	12	322,154	252,125
<b>Total Revenue</b>		<b>254,816,147</b>	<b>274,020,522</b>
<b>Expenses</b>			
Cost of materials consumed			
(Increase) / decrease in inventories			
Employee benefits expense	13	216,967,944	227,844,829
Other expenses	14	34,441,489	43,503,294
Depreciation and amortisation expense	15	3,149,361	2,906,174
Finance costs	16	5,222	5,296
<b>Total Expenses</b>		<b>254,564,016</b>	<b>274,259,593</b>
Profit \ (Loss) before extraordinary items and tax		252,132	(239,071)
Extraordinary items		-	-
Profit \ (Loss) before tax		252,132	(239,071)
<b>Tax expense:</b>			
Current tax		92,268	9,370
Tax of earlier years (net)		287,570	374,067
Deferred tax charge / (credit)		(232,189)	(109,306)
		147,649	274,131
<b>Profit \ (Loss) for the period</b>		<b>104,483</b>	<b>(513,202)</b>
<b>Earnings per equity share - (Nominal value per share - Rs. 10) :</b>			
Basic		5.22	(25.66)
Diluted		5.22	(25.66)

Summary of significant accounting policies 2

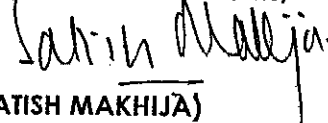
The accompanying notes are integral part of the financial statements.

Vide our report of even date,

For Satish &amp; Ravi Associates

Firm Regn. No.007214S

Chartered Accountants,

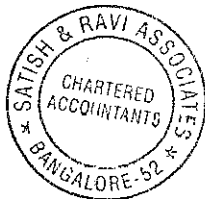
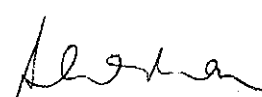
  
(SATISH MAKHIYA)

Partner

M No. 204258

Place : Bangalore

Date : 7th May 2012

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 2012**

All amounts in Indian Rupees, except stated otherwise

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

20,000 (2011:20,000) Equity Shares of Rs. 10 each

**31 March 2012    31 March 2011**

200,000                      200,000

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

20,000 (2011:20,000) 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 2012		31 March 2011	
	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	<b>20,000</b>	<b>200,000</b>	<b>20,000</b>	<b>200,000</b>

**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 2012 Amount	31 March 2011 Amount
Holding Company : Gokaldas Exports Ltd.,	200,000	200,000

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

Equity shares	31 March 2012		31 March 2011	
	No.	shareholding %	No.	shareholding %
Equity shares of Rs.10 each fully paid 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.

# **RAFIER TRADING PRIVATE LIMITED**

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH, 31, 2012

## 7 Tangible assets

	Building	Improvement on lease hold rights	Electrical Equipments	Office Equipments	Furniture & Fixtures	Plant & Machinery	Total
<b>Cost or valuation</b>							
At 1 April 2010	1,679,940	302,131	13,700,958	775,990	7,015,324	12,135,090	35,609,433
Additions			113,500		560,291	1,821,377	2,495,168
Other adjustments							
(A)	1,679,940	302,131	13,814,458	775,990	7,575,615	13,956,467	38,104,601
Disposals							40,599,769
(B)							
At 31 March 2011 (A)-(B)	1,679,940	302,131	13,814,458	775,990	7,575,615	13,956,467	38,104,601
Additions	55,000					224,705	279,705
Other adjustments							
(C)	1,734,940	302,131	13,814,458	775,990	7,575,615	14,181,172	38,384,306
Disposals							
(D)							
At 31 March 2012 (C)-(D)	1,734,940	302,131	13,814,458	775,990	7,575,615	14,181,172	38,384,306
<b>Depreciation</b>							
At 1 April 2010	697,747	105,436	6,112,242	318,938	4,319,328	5,097,195	16,650,886
Charge for the year	70,654	98,348	1,058,186	37,196	556,055	1,085,736	2,906,175
Disposals							
At 31 March 2011	768,401	203,784	7,170,428	356,134	4,875,383	6,182,931	19,557,061
Charge for the year	356,067	98,348	924,185	54,732	488,742	1,227,287	3,149,360
Disposals							
At 31 March 2012	1,124,468	302,132	8,094,613	410,866	5,364,125	7,410,218	22,706,421
<b>Net Block</b>							
At 31 March 2011	911,539	98,347	6,644,030	419,856	2,700,232	7,773,536	18,547,540
At 31 March 2012	610,472	(1)	5,719,845	365,124	2,211,490	6,770,954	15,677,884

<b>4 Reserves and Surplus</b>	<b>31 March 2012</b>	<b>31 March 2011</b>
<b>Securities Premium Reserve</b>		
Balance as per last account	3,472,000	3,472,000
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	1,440,214	1,953,416
Profit / (loss) for the year	104,483	(513,202)
Net surplus / (deficit) in the statement of profit and loss	1,544,697	1,440,214
<b>Total Reserves and Surplus</b>	<b>5,016,697</b>	<b>4,912,214</b>

#### 5 Provisions

	Long Term		Short term	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Provision for employee benefits				
Provision for gratuity	3,791,393	3,762,755	151,409	374,263
Provision for leave benefits	3,529,635	2,541,294	345,588	372,788
	<b>7,321,028</b>	<b>6,304,049</b>	<b>496,997</b>	<b>747,051</b>

#### 6 Trade payables and Other Current Liabilities

	<b>31 March 2012</b>	<b>31 March 2011</b>
<b>Trade Payables</b>		
to Micro and Small Enterprises		
to Others	1,780,440	591,381
	<b>1,780,440</b>	<b>591,381</b>
<b>Other current liabilities</b>		
Employees benefit payable	27,010,774	24,595,896
Other expenses payable	2,231,711	2,855,266
Bank Overdraft	117,955	657,301
ESI payable	755,712	824,240
Provident fund payable	2,039,218	2,129,461
TDS payable	169,290	209,175
Professional Tax Payable	19,700	24,650
	<b>32,344,360</b>	<b>31,295,989</b>
	<b>34,124,800</b>	<b>31,887,370</b>

#### 8 Loans and advances

(unsecured, considered good)

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
Security deposits	5,649,831	4,742,405		
Advances recoverable in cash / kind			-	730,724
Advance Tax net of provisions			12,734,300	13,741,859
Prepaid expenses			368,465	95,070
Loans and advances to employees			774,248	1,105,490
	<b>5,649,831</b>	<b>4,742,405</b>	<b>13,877,013</b>	<b>15,673,143</b>

**9 Trade Receivables**

(unsecured, considered good)

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
- Outstanding for a period exceeding six months from the date they are due for payment	-	-	-	-
- Other receivables				
From Holding Company		-	11,104,998	4,585,938
	-	-	<b>11,104,998</b>	<b>4,585,938</b>

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

Balance with banks :

-- in Current accounts

Cash on hand

	Non-current		Current	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
			648,222	354,113
			234,587	412,746
	-	-	<b>882,809</b>	<b>766,859</b>

**RAFTER TRADING PRIVATE LIMITED****Notes to financial statements for the year ended 31 March 2012***All amounts in Indian Rupees, except stated otherwise*

	<u>31 March 2012</u>	<u>31 March 2011</u>
<b>11 Revenue from operations</b>		
Job work income	254,493,993	273,768,397
	<u>254,493,993</u>	<u>273,768,397</u>
<b>12 Other Income</b>		
Other non-operating income	322,154	252,125
	<u>322,154</u>	<u>252,125</u>
<b>13 Employee benefits expense</b>		
Salaries, wages and bonus	186,459,211	194,629,482
Contribution to provident fund and other fund	20,629,460	22,921,765
Gratuity expense	3,628,545	3,412,609
Staff welfare expenses	6,250,728	6,880,973
	<u>216,967,944</u>	<u>227,844,829</u>
<b>14 Other expenses</b>		
Consumption of consumables, stores and spares	27,336	272,576
Power and fuel	11,547,241	11,816,652
Job work charges	186,685	274,421
Other manufacturing expenses	5,170,193	6,211,174
Repairs and maintenance		
- Plant and machinery	4,907,813	6,706,947
- Buildings	1,218,130	2,584,331
- Others	890,218	5,410,582
Rent	6,727,576	5,945,280
Rates and taxes	187,286	296,842
Legal and professional charges	310,732	926,318
Printing and stationery	32,105	67,840
Communication costs	38,908	100,805
Travelling and conveyance	632,075	756,813
Payment to auditors	43,570	43,570
Other Miscellaneous expenses	2,521,621	2,089,143
	<u>34,441,489</u>	<u>43,503,294</u>
<u>Payment to auditor</u>		
As Auditor		
Audit fees	43,570	43,570
	<u>43,570</u>	<u>43,570</u>
<b>15 Depreciation and amortisation expense</b>		
Depreciation on tangible assets	3,149,361	2,906,174
	<u>3,149,361</u>	<u>2,906,174</u>
<b>16 Finance costs</b>		
Bank charges	5,222	5,296
	<u>5,222</u>	<u>5,296</u>

## **RAFTER TRADING PRIVATE LIMITED**

### **SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012**

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

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

#### **2.1 Summary of Significant accounting policies**

##### **a) Use of estimates**

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

##### **b) Revenue recognition**

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

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

Export incentives are recognized on accrual basis in accordance with the applicable schemes formulated, by the Government of India.

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, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.

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

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

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. Compensated absences are provided for, on the basis of an actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred.

**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	2012	2011
Claims against the Company not acknowledged as debts	501,048	533,226
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

### 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)

	2012	2011
Current Service Cost	3,501,643	2,565,365
Interest cost on benefit obligation	325,226	116,177
Expected Return on Plan Assets	(128,044)	(53,881)
Actuarial gain/(loss)	(70,280)	781,206
<b>Net benefit expense</b>	<b>3,628,545</b>	<b>3,408,867</b>

Details of Provision for gratuity (in Balance Sheet)

(Amount in Rs)

	2012	2011
Defined benefit obligation	6,814,595	4,619,368
Fair value of plan asset	2,871,793	482,350
<b>Liability recognized in the balance sheet</b>	<b>(3,942,802)</b>	<b>(4,137,018)</b>

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

(Amount in Rs)

	2012	2011
Opening defined benefit obligation – Current	374,263	141,509
Opening defined benefit obligation – Non current	4,245,105	1,605,072
Current Service Cost	3,501,643	2,565,365
Interest Cost	325,226	116,177
Benefits Paid	(1,586,359)	(588,728)
Actuarial (gain)/loss	(45,283)	779,973
<b>Closing defined benefit obligation</b>	<b>6,814,595</b>	<b>4,619,368</b>
Closing defined benefit obligation – Current	151,409	374,263
Closing defined benefit obligation – Non current	5,663,186	4,245,105

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

	(Amount in Rs)	
	2012	2011
Opening fair value of plan asset	482,350	917,326
Expected return	128,044	53,881
Actuarial gain/(loss)	24,997	(1,233)
Contributions (less risk premium, service tax)	3,117,811	0
Benefits Paid	(881,409)	(487,624)
Contribution for Benefits settled directly by company	704,950	101,104
Benefits settled directly by company	(704,950)	(101,104)
<b>Closing fair value of plan asset</b>	<b>2,871,793</b>	<b>482,350</b>

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

Interest Rate	8.50%	8%
Discount Factor	8.50%	8%
Estimated Rate of return on Plan Assets	8%	8%
Attrition Rate	25%	35%
Rate of escalation in Salary per annum	5%	5%
Retirement Age	58	58

The Company expects to contribute Rs. 3,945,000 to gratuity in 2012-13.

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

	%	
	2012	2011
Investments with insurer	100	100

Notes:

- 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 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):

(Amount in Rs)		
Geographical Segment	Revenues	Carrying amount of segment assets (Debtors)
In India	254,493,993 (273,768,397)	11,104,998 (4,585,938)
Outside India		
<b>Total</b>	<b>254,493,993 (273,768,397)</b>	<b>11,104,998 (4,585,938)</b>

Note:

- All fixed assets are located in India.
- 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 Glamourwear Apparels Private Limited Madhin Trading Private Limited Magenta Trading Private Limited All Colour Garments 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>	
(i)	Director	Mr. Gautam Chakravarti (appointed on 24.01.2011)
(ii)	Director	Mr. Sumit Keshan (appointed on 31.03.2011)
(iii)	Director	Mr. Madanlal J Hinduja (resigned on 15.01.2011)
(iv)	Director	Mr. Rajendra J Hinduja (resigned on 31.03.2011)
(v)	Director	Mr. Dinesh J Hinduja (resigned on 31.03.2011)
c.	<i>Enterprises over which key management personnel and their relatives exercise significant influence with whom transactions have taken place during the year:</i>	
(i)	Private Limited Companies	NIL
(ii)	Partnership firms	NIL

### 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	254,443,710 (273,768,397)			<b>254,443,710 (273,768,397)</b>
<b>Balances outstanding as at March 31, 2012</b>				
-- Credit balances				
-- Debit balances	11,104,998 (4,585,938)			<b>11,104,998 (4,585,938)</b>

Figures in brackets relate to previous year.

**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	2012	2011
Net profit for the year as per Statement of profit and loss before exceptional items	104,483	(513,202)
Net profit for the year as per Statement of profit and loss after exceptional items	104,483	(513,202)
Weighted average number of equity shares (Nos.)	20,000	20,000
Nominal value per share	10	10
Earnings per share – Basic and diluted	5.22	(25.66)
Before exceptional items		
After exceptional items		

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

(Amount in Rs)			
Particulars	As at March 31, 2011	Current year charge/(credit)	As at March 31, 2012
Difference between book and tax base of fixed assets	(265,201)	232,189	(33,013)
Retirement benefits allowed on payment basis accrued in books	0	0	0
Total	(265,201)	232,189	(33,013)

**24. Remuneration to directors**

(Amount in Rs)		
Particulars	2012	2011
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	2012		2011	
	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. Earnings in foreign currency**

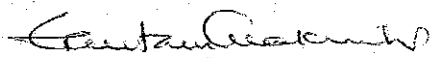
Current Year : Nil Previous Period : Nil

**29.** 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.

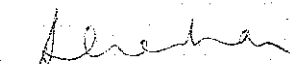
**30.** Previous year's figures have been regrouped/rearranged/reclassified, wherever necessary to conform to the current year's presentation.

**Signatures to schedules I to XXX**

**For and on behalf of the Board**



**Gautam Chakravarti**  
Director



**Sumit Keshan**  
Director

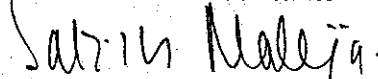
Place : Bangalore

Dated: May 07, 2012

**For Satish & Ravi Associates**

Firm Regn. No.007214S

Chartered Accountants



**(SATISH MAKHIYA)**

(Partner)

M.N.204258

