

AUDITORS' REPORT

TO THE MEMBERS OF RAJDIN APPARELS PRIVATE LIMITED

We have audited the attached Balance Sheet of RAJDIN APPARELS PRIVATE LIMITED as on 31st March 2012 & Statement of Profit and Loss and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Further, We report that,

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of the books.

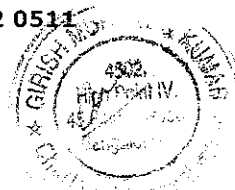
The said Balance Sheet and Statement of Profit and Loss and the Cash flow statement dealt by this report are in agreement with books of account.

In our opinion, the Balance Sheet and the Statement of Profit and Loss and cash flow statement dealt with by this report complies with the mandatory Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956, and

On the basis of written representations received from the directors as at 31st March 2012 and taken on record by the board of directors, We report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956, as on that date.

In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, together with and subject to notes annexed thereto, give the information required, and give a true and fair view:

- a. In the case of balance sheet of the state of affairs of the Company as at 31st March, 2012,
- b. In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and

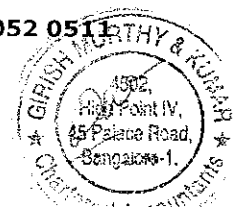


**GIRISH
MURTHY & KUMAR
Chartered Accountants**

c. in the case of Cash flow statement, of the cash flows of the Company for the year ended on that date.

As required by the Companies (Auditors report) order, 2003 as amended by the companies (auditors report) (amended) 2004 issued by the Company law board, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of our audit, We report that:-

- i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, *but the location details are in process of being updated for certain fixed assets.*
- ii) The fixed assets have been physically verified by the management at reasonable intervals. The reconciliation between the physical and book balance is in the process of reconciliation.
- iii) There was no disposal of substantial part of Fixed Assets during the year.
- iv) The company has neither purchased nor sold any raw material or finished goods during the year. Further the Company is not holding any stock of inventory at the year end. Hence the physical verification of inventories and maintenance of inventory records are not applicable to the company.
- v) The company has not maintained the records for Inventory, as the company has not purchased nor sold any raw material or finished goods during the year. Further the Company is not holding any stock of inventory at the year end.
- vi) The Company had taken an unsecured loan of Rs.15,500,000, during the previous year, from a fellow subsidiary company covered in the register maintained under section 301 of the companies Act 1956. The maximum balance outstanding during the year was Rs.15,500,000. The same has been repaid during the year. The rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the Company.
- vii) The Company has not granted any loans, secured or unsecured to the companies, firms or other parties listed in the register maintained under section 301 of the Companies' Act 1956.
- viii) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and nature of its business for the purchase fixed Assets, inventory and with regard to sale of goods and services. During the course of audit we have not noticed any evidence of continuing failures to correct major weaknesses in internal control.
- ix) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act. 1956 have been entered in the register required to be maintained under the act.

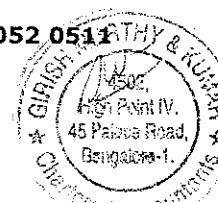


**GIRISH
MURTHY & KUMAR**
Chartered Accountants

- x) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of the companies Act 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- xi) The Company has not accepted deposits from the public during the year to which the provisions of section 58A and 58AA or any relevant provisions of the companies Act, 1956.
- xii) In our opinion, the Company's present Internal Audit system is commensurate with the size and nature of its business.
- xiii) The central government has not prescribed the maintenance of cost records by the companies under section 209(i)(d) of the companies act, 1956.
- xiv) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, Income tax, service tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- xv) According to the information and explanations given to us, no undisputed amounts payable in respect of Employees State Insurance, income tax, wealth tax, sales tax, custom duty, excise duty, service tax and cess were in arrears as at 31.03.2012 for a period of more than six months from the date they became payable.
- xvi) According to the records of the company, the dues outstanding of Provident fund on account of dispute is as follows:

Nature of statue	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
The employees Provident funds and Misc provision act , 1952	PF dues	1,74,633	April 2005-2008	High court of New Delhi

- xvii) The Company is not having any accumulated losses nor the Company has incurred any cash loss for this year and in the immediately preceding financial year.
- xviii) The Company has not taken any loan from financial institutions and from banks and as such question of default in repayment does not arise. The Company has not issued any debentures at any point of time.
- xix) The Company has not granted any loans/advances on the basis of security by way of shares, debenture etc. As such no records and documents have been maintained.
- xx) The Company is not covered under special statutory provisions applicable to the chit fund, nidhi or mutual benefit societies.



**GIRISH
MURTHY & KUMAR**
Chartered Accountants

- xxi) In our opinion, the Company is not dealing or trading in shares, debentures and other investments and as such no records have been maintained. During the year Company has not made any investments.
- xxii) We have been informed by the Company that it has not given any guarantee for any loans taken by the others from banks and financial institutions.
- xxiii) The Company has not taken any term loans during this year and as such question of its application for the purpose for which it is taken does not arise.
- xxiv) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, We report that the Company has not used any funds raised on short term basis for long term investment.
- xxv) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the registers maintained under section 301 of the act.
- xxvi) According to the information and explanations given to us, during the year covered by our report, the Company has not issued any debentures and therefore no securities or charges have been created.
- xxvii) The Company has not raised any money by public issue and as such disclosure on the end use of money does not arise.
- xxviii) Based upon the audit procedures performed for the purpose of reporting the true & fair view of financial statements and as per the information & explanation given by the management we report that no fraud on or by the company has been noticed or reported during the course of our audit.

PLACE: BANGALORE

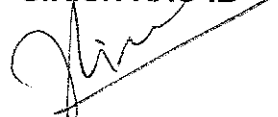
DATED : May 7th, 2012

FOR GIRISH MURTHY & KUMAR

Firm Regn. No. 000934S

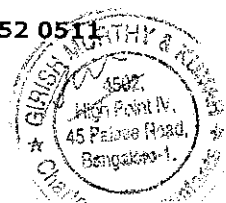
Chartered Accountants

GIRISH RAO.B



Partner

(Membership No. 85745)



RAJDIN APPARELS PRIVATE LIMITED

Balance Sheet as at 31 March 2012

All amounts in Indian Rupees, except stated otherwise

	Notes	31 March 2012	31 March 2011
EQUITY AND LIABILITIES			
Shareholder's funds			
Share Capital	3	200,000	200,000
Reserves and Surplus	4	19,227,751	18,879,449
		19,427,751	19,079,449
Non-current liabilities			
Long-term borrowings		-	-
Long-term Provisions	5	6,808,683	5,663,675
		6,808,683	5,663,675
Current Liabilities			
Short term borrowings	6	-	15,500,000
Trade payables	7	1,070,351	291,150
Other current liabilities	7	27,932,730	24,086,390
Short term provisions	5	531,047	644,798
		29,534,128	40,522,338
TOTAL		55,770,562	65,265,462
ASSETS			
Non-current assets			
Fixed assets	8		
Tangible assets		14,309,596	21,927,903
Intangible assets		-	-
Capital work-in-progress		-	-
		14,309,596	21,927,903
Non-current investments	9	600	600
Long-term loans and advances	10	20,428,795	24,045,406
Other non-current assets		-	-
		34,738,991	45,973,909
Current assets			
Current investments	11	-	33,000
Inventories		-	-
Trade receivables	12	1,698,152	4,235,512
Cash and Cash equivalents	13	1,391,858	1,424,074
Short-term loans and advances	10	17,941,561	13,598,967
Other current assets		-	-
		21,031,571	19,291,553
TOTAL		55,770,562	65,265,462

Summary of significant accounting policies 2

The accompanying notes are integral part of the financial statements.

As per our report of even date

For GIRISH MURTHY & KUMAR

Firm Regn. No: 000934S

Chartered Accountants

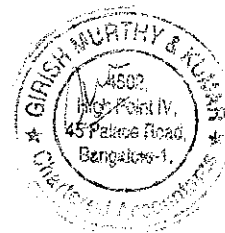
GIRISH RAO.B

Partner.

M.No. 85745

Place : Bangalore

Date : 07th May, 2012

For and on behalf of the Board
For RAJDIN APPARELS PRIVATE LIMITEDGautam Chakravarti
DirectorSumit Keshan
Director

RAJDIN APPARELS 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)	14	207,092,406	227,611,923
Less: Excise duty		-	-
Revenue from operations (Net)		207,092,406	227,611,923
Other income	15	644,680	323,107
Total Revenue		207,737,087	227,935,030
Expenses			
Cost of materials consumed		-	-
(Increase) / decrease in inventories		-	-
Employee benefits expense	16	155,705,204	176,364,526
Other expenses	17	42,874,680	48,431,556
Depreciation and amortisation expense	18	5,108,563	3,079,662
Finance costs	19	1,549,209	48,253
Total Expenses		205,237,656	227,923,997
Profit / (Loss) before exceptional and extraordinary items and tax		2,499,431	11,033
Exceptional Items		-	-
Extraordinary items		-	-
Profit / (Loss) before tax		2,499,431	11,033
Tax expense:			
Current tax		2,151,130	-
Tax of earlier years (net)		-	490,927
Deferred tax charge / (credit)		-	162,157
		2,151,130	653,084
Profit / (Loss) for the period		348,301	(642,052)
Earnings per equity share - (Nominal value per share - Rs. 10) :			
Basic		17.42	(32.10)
Diluted		17.42	(32.10)

Summary of significant accounting policies 2

The accompanying notes are integral part of the financial statements.

As per our report of even date

For GIRISH MURTHY & KUMAR

Firm Regn. No: 000934S.

Chartered Accountants

GIRISH RAO.B

Partner.

M.No. 85745

Place : Bangalore

Date : 07th May, 2012

For and on behalf of the Board

For RAJDIN APPARELS PRIVATE LIMITED

Gautam Chakravarti

Director

Sumit Keshan

Director



RAJDIN APPARELS PRIVATE LIMITED**Notes to financial statements for the year ended 31 March 2012***All amounts in Indian Rupees, except stated otherwise***3 Share Capital**Authorised shares

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

31 March 2012**31 March 2011**

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	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.

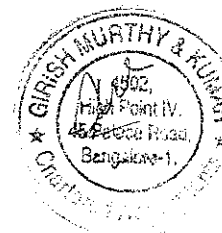
(c) Shares held by holding/ ultimate holding Company and/ or their subsidiaries/ associates

	31 March 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 %
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	31 March 2012	31 March 2011
Securities Premium Reserve		
Balance as per last account	16,890,000	16,890,000
Surplus / (deficit) in the statement of profit and loss		
Balance as per last financial statements	1,989,450	2,631,501
Profit / (loss) for the year	348,301	(642,052)
Net surplus / (deficit) in the statement of profit and loss	2,337,751	1,989,449
Total Reserves and Surplus	19,227,751	18,879,449

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	4,376,108	3,540,491	135,097	367,846
Provision for leave benefits	2,432,575	2,123,184	395,950	276,952
	6,808,683	5,663,675	531,047	644,798

6 Short-term borrowings	31 March 2012	31 March 2011
Loans repayable on demand from fellow Subsidiary SNS Clothing Company Private Limited	-	15,500,000
	-	15,500,000

7 Trade payables and Other Current Liabilities	31 March 2012	31 March 2011
Trade Payables		
to Micro and Small Enterprises		
to Others	1,070,351	291,150
	1,070,351	291,150
Other current liabilities		
Employees benefit payable	17,768,476	16,437,879
Other expenses payable	2,788,272	4,819,690
Bank Overdraft	-	126,737
Due to Holding Company	4,886,042	-
Due to fellow subsidiaries	336,330	81,985
ESI payable	486,549	609,515
Provident fund payable	1,408,526	1,640,307
TDS payable	233,615	355,167
Professional tax payable	13,650	15,110
VAT & CST payable	11,270	-
	27,932,730	24,086,390
Total Trade payables and other current liabilities	29,003,081	24,377,540

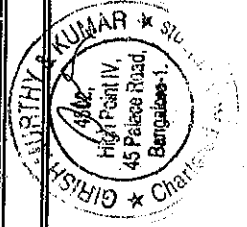


RAJDIN APPARELS PRIVATE LIMITED

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

8 Tangible assets

	Building	Improvement on lease hold rights	Electrical Equipments	Office Equipments	Furniture & Fixtures	Plant & Machinery	Computers	Vehicle	Total
<i>Cost or valuation</i>									
At 1 April 2010	10,145,893	7,178,444	4,716,188	924,900	4,142,210	15,435,215	27,576	71,305	42,641,731
Additions	65,346				310,796				376,142
Other adjustments									
(A)	10,211,239	7,178,444	4,716,188	924,900	4,453,006	15,435,215	27,576	71,305	43,017,873
(B)									
Disposals									
At 31 March 2011 (A)-(B)	10,211,239	7,178,444	4,716,188	924,900	4,453,006	15,435,215	27,576	71,305	43,017,873
Additions									
Other adjustments									
(C)	10,211,239	7,178,444	4,716,188	924,900	4,453,006	15,435,215	27,576	71,305	43,017,873
(D)	3,636,222		823,365		1,300,676	316,667			6,076,930
Disposals /Write off									
At 31 March 2012 (C)-(D)	6,575,017	7,178,444	3,892,823	924,900	3,152,330	15,118,548	27,576	71,305	36,940,943
<i>Depreciation</i>									
At 1 April 2010	4,171,621	1,171,857	2,155,162	264,668	2,522,398	7,640,276	25,863	58,463	18,010,308
Charge for the year	604,748	600,659	356,219	91,832	338,075	1,084,119	685	3,325	3,079,662
Disposals									
At 31 March 2011	4,776,369	1,772,516	2,511,381	356,500	2,860,473	8,724,395	26,548	61,788	21,089,970
Charge for the year	1,207,698	2,318,613	295,278	79,059	272,939	932,089	411	2,474	5,108,563
Disposals	1,854,583		525,986		1,004,435	182,182			3,567,186
At 31 March 2012	4,129,484	4,091,129	2,280,673	435,559	2,128,977	9,474,302	26,959	64,262	22,631,347
Net Block									
At 31 March 2011	5,434,870	5,405,928	2,204,807	568,400	1,592,533	6,710,820	1,028	9,517	21,927,903
At 31 March 2012	2,445,533	3,087,315	1,612,150	489,341	1,023,353	5,644,246	617	7,043	14,309,596



9 Non-current investments**31 March 2012****31 March 2011****Non Trade investments [valued at cost unless stated otherwise]**

Investment in Government Securities (unquoted)

Indira Vikas Patra

600

600

600**600****10 Loans and advances**

(unsecured, considered good)

Non-current

Current

31 March 2012

31 March 2011

31 March 2012

31 March 2011

Security deposits

20,428,795

24,045,406

3,684,000

Advances recoverable in cash / kind

35,072

Advance Tax net of Provision

13,946,254

13,407,568

Prepaid expenses

311,307

156,327

20,428,795**24,045,406****17,941,561****13,598,967****11 Current Investments****31 March 2012****31 March 2011**

National Savings Certificate

-

33,000

-

33,000**12 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

355,231

1,048,156

from the date they are due for

- Other receivables

1,342,921

410,148

Due from Holding Company

-

2,777,208

Total Trade receivables

-

-

1,698,152**4,235,512****13 Cash and bank balances**

Non-current

Current

31 March 2012

31 March 2011

31 March 2012

31 March 2011

Cash and cash equivalents

Balance with banks :

-- in Current accounts

-

-

1,088,067

1,005,619

Cash on hand

-

-

303,791

418,455

-

-

1,391,858**1,424,074**

RAJDIN APPARELS 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>
14 Revenue from operations		
Contract Receipt	207,092,406	227,611,923
	207,092,406	227,611,923
15 Other Income		
Other non-operating income	644,680	323,107
	644,680	323,107
16 Employee benefits expense		
Salaries, wages and bonus	130,230,917	148,619,653
Contribution to provident fund and other fund	14,903,558	17,482,291
Gratuity expense	3,851,820	3,302,902
Staff welfare expenses	6,718,909	6,959,679
	155,705,204	176,364,526
17 Other expenses		
Consumption of consumables, stores and spares	1,578	5,605
Power and fuel	7,345,428	9,592,988
Job work charges	239,087	1,045,046
Other manufacturing expenses	439,767	711,367
Repairs and maintenance		
- Plant and machinery	745,804	939,045
- Buildings	120,308	2,996,268
- Others	593,876	1,880,927
Rent	25,871,652	23,450,125
Insurance	3,423	48,495
Rates and taxes	352,165	361,274
Legal and professional charges	374,431	2,463,541
Printing and stationery	46,888	65,826
Communication costs	35,890	122,921
Travelling and conveyance	403,805	450,909
Security expenses	2,324,673	2,050,945
Payment to auditors	67,200	66,180
Bad debts written off	928,187	-
Other Miscellaneous expenses	532,779	2,180,093
Assets written off	2,447,739	-
	42,874,680	48,431,556
Payment to auditor		
As Auditor		
Audit fees	53,760	52,994
Taxation matters	13,440	13,186
	67,200	66,180
18 Depreciation and amortisation expense		
Depreciation on tangible assets	5,108,563	3,079,662
	5,108,563	3,079,662
19 Finance costs		
Bank charges	7,703	14,280
Interest on others	1,541,506	33,973
	1,549,209	48,253



RAJDIN APPARELS PRIVATE LIMITED

Cash-flow statement for the year ended 31 March 2012

All amounts in Indian Rupees, except stated otherwise

PARTICULARS	2012	2011
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax from continuing operations	2,499,431	11,033
Loss before tax	2,499,431	11,033
Non-cash adjustment to reconcile profit before tax to net cash flow		
Depreciation/amortization on continuing operations	5,108,563	3,079,662
Assets Written off	2,447,739	
Interest expense	(1,541,506)	(33,973)
Interest earned	(22,299)	
Operating Profit before working capital changes	8,491,927	3,056,722
Movements in Working Capital :		
(Increase)/Decrease in trade receivables	2,537,360	(2,445,068)
(Increase)/Decrease in non current loans and advances	3,616,613	(150,243)
(Increase)/Decrease in current loans and advances	(3,803,908)	1,470,326
Increase/(Decrease) in trade payables	779,200	(1,378,069)
Increase/(Decrease) in other current liabilities	3,846,340	(27,052,606)
Increase/(Decrease) in long term provisions	1,145,008	3,042,056
Increase/(Decrease) in short term provisions	(113,751)	6,685
Cash Generated from / (used in) Operations	16,498,789	(23,450,197)
Direct taxes paid (net of refunds)	(2,689,816)	(1,787,956)
Net Cash Flow from Operating Activities	13,808,974	(25,238,153)
Net Cash Flow from / (used in) Operating Activities after Extraordinary item	13,808,974	(25,238,153)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	22,299	-
Purchase of Fixed Assets	-	(376,142)
Proceeds from Sale of Fixed Assets	62,006	
Proceeds from sale of current Investments	33,000	
Net Cash Flow from / (used in) Investing Activities	117,305	(376,142)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from / (repayment of short term borrowings)	(15,500,000)	15,500,000
Interest paid	1,541,506	33,973
Net Cash Flow from / (used in) Financing Activities	(13,958,494)	15,533,973
D. Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	(32,215)	(10,080,322)
E. Opening Balance of Cash & Cash Equivalents	1,424,074	11,504,396
F. Closing Balance of Cash & Cash Equivalents	1,391,858	1,424,074
Components of Cash and Cash Equivalents		
Cash on hand	303,791	418,455
Bank Balances with Scheduled Banks:		
-- in Current Accounts	1,088,067	1,005,619
	1,391,858	1,424,074
	1,391,858	1,424,074

For and on behalf of the Board
For RAJDIN APPARELS PRIVATE LIMITED

As per our report of even date
For GIRISH MURTHY & KUMAR
Firm Regn. No: 000934S
Chartered Accountants

Gautam Chakravarti Sumit Keshan
Director Director
Place : Bangalore
Date : 07th May, 2012



GIRISH RAO.B
Partner
M.No. 85745

RAJDIN APPARELS PRIVATE LIMITED

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

1. Corporate Information:

Rajdin Apparels Private Limited (herein after referred to as "the Company") was incorporated on 7th May 2004. The Company took over all the assets and liabilities of M/s Lucky Tex and Venkateswara Clothing Company as a going concern on 1st July 2004. The Company became a subsidiary of Gokaldas Exports Limited (formerly known as Gokaldas India Private Limited) 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.

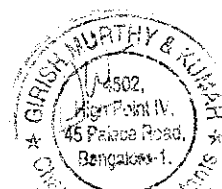
i) Investments

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.

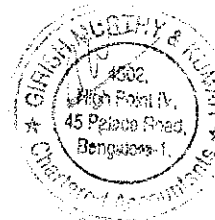
At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets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

20. Contingent liabilities

Particulars	(Amount in Rs.)	
	2012	2011
Claims against the Company not acknowledged as debts	174,633	214,161
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

21. 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 profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Net employee benefit expense (in Profit and Loss Account)

	(Amount in Rs)	
	2012	2011
Current Service Cost	3,770,165	2,543,167
Interest cost on benefit obligation	287,929	165,900
Expected Return on Plan Assets	(88,283)	(93,094)
Actuarial gain/(loss)	(117,991)	686,929
Net benefit expense	3,851,820	3,302,902

Details of Provision for gratuity (in Balance Sheet)

	(Amount in Rs)	
	2012	2011
Defined benefit obligation	6,209,418	4,526,906
Fair value of plan asset	1,698,213	618,569
Liability recognized in the balance sheet	(4,511,205)	3,908,337

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

	(Amount in Rs)	
	2012	2011
Opening defined benefit obligation – Current	367,846	244,259
Opening defined benefit obligation – Non current	4,159,060	2,761,724
Opening defined benefit obligation Total	4,526,906	3,005,983
Current Service Cost	3,770,165	2,543,167
Interest Cost	287,929	165,900
Benefits Paid	(2,279,007)	(1,864,474)
Actuarial (gain)/loss	(96,575)	676,330
Closing defined benefit obligation – Current	135,097	367,846
Closing defined benefit obligation – Non current	6,074,321	4,159,060
Closing defined benefit obligation	6,209,418	4,526,906



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

(Amount in Rs)

	2012	2011
Opening fair value of plan asset	618,569	1,791,269
Expected return	88,283	93,094
Actuarial gain/(loss)	21,416	(10,599)
Contributions by employer	1,844,652	50,000
Benefits Paid	(874,707)	(1,305,195)
Contribution for Benefits settled directly by company	1,404,300	559,279
Benefits settled directly by company	(1,404,300)	(559,279)
Closing fair value of plan asset	1,698,213	618,569

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	8.00%	8%
Attrition Rate	25.00%	35%
Rate of escalation in Salary per annum	5.00%	5%
Retirement Age	58	58

The Company expects to contribute Rs.4,515,000 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.

22 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	207,092,406 (227,611,923)	1,698,152 (4,235,512)
Outside India		
Total	207,092,406 (227,611,923)	1,698,152 (4,235,512)

Note:

- Figures in brackets relate to previous year.
- All fixed assets are located in India,



23. 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
		Rafter Trading Private Limited
		All Colour Garments 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)	
Income				
Job work charges	194,789,241 (226,645,363)			194,789,241 (226,645,363)
Scrap sales	156,500 (0)			156,500 (0)
Fixed assets Sales	62,008 (Nil)			62,008 (Nil)
Expenses				
Rent expense			Nil (20,336,875)	Nil (20,336,875)
Interest Paid		1,541,506 (33,973)		1,541,506 (33,973)
Liability				
Unsecured Loans		Nil (15,500,000)		Nil (15,500,000)
Balances outstanding as at March 31, 2012				
-- Credit balances	4,886,042 (Nil)	336,330 (31,973)	Nil (Nil)	5,222,372 (31,973)
-- Debit balances	Nil (2,777,208)	Nil (Nil)	Nil (19,500,000)	Nil (22,277,208)

Figures in brackets relate to previous year.

Disclosure for transactions that exceed 10% of total value of each class of transactions:
(Amount in Rs)

	2012	2011
Rent Expense		
Avis Industrial Estate	-	16,494,770
Polyproducts Private Limited	-	3,842,105
Interest Paid		
SNS Clothing Private Limited	1,541,506	33,973
Credit balances to fellow subsidiaries		
Seven Hills Clothing Private Limited	-	397
Deejay Trading Private Limited	-	1000
SNS Clothing Private Limited	336,330	30576
Unsecured Loans		
SNS Clothing Private Limited	-	15,500,000
Closing balance of Rent Deposit		
Avis Industrial Estate	-	15,816,000
Polyproducts Private Limited	-	3,684,000



24. 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.

25. Earnings per share

Particulars	(Amount in Rs)	
	2012	2011
Net profit for the year as per profit and loss account before exceptional items	348,301	(642,053)
Net profit for the year as per profit and loss account after exceptional items	348,301	(642,053)
Weighted average number of equity shares (Nos.)	20,000	20,000
Nominal value per share	10	10
Earnings per share – Basic and diluted		
Before exceptional items	17.42	(32.10)
After exceptional items		

26. Deferred taxes – Components of assets / (liability)

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

27. Remuneration to directors

Particulars	(Amount in Rs)	
	2012	2011
Salaries	Nil	Nil

28. Licensed, installed capacities and production

Particulars	Unit	2012	2011
<i>Licensed capacity</i>			
Readymade garments	Pcs	Not Applicable	Not Applicable
<i>Installed capacity</i>			
Readymade garments		Refer note below	
<i>Production</i>			
Readymade garments	Pcs		
- Own production			
- Through Job workers			

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



29. CIF value of imports

Current Year : Nil Previous Period : Nil

30. Expenditure in foreign currency on accrual basis

Current Year : Nil Previous Period : Nil

31. 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				

32. Earnings in foreign currency

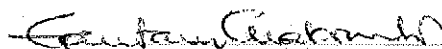
Current Year : Nil Previous Period : Nil

33. 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.

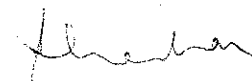
34. Previous year's figures have been regrouped/rearranged/reclassified, wherever necessary to conform to the current year's presentation.

Signatures to schedules I to XXXIV

For and on behalf of the Board



Gautam Chakravarti
Director



Sumit Keshan
Director

Bangalore:
Dated: May 07, 2012

As per our report of even date

For Girish Murthy & Kumar

Firm Regn. No. 0009348

Chartered Accountants


Girish Rao.B

(Partner)

(Membership No.85745)

