

**RISHIKESH APPARELS 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>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share Capital	3	200,000	200,000
Reserves and Surplus	4	9,663,720	9,474,503
		<b>9,863,720</b>	<b>9,674,503</b>
<b>Non- current liabilities</b>			
Long-term Provisions	5	-	8,077,117
		<b>-</b>	<b>8,077,117</b>
<b>Current Liabilities</b>			
Trade payables	6	1,653,411	385,712
Other current liabilities	6	42,248,303	39,252,468
Short term provisions	5	16,063,515	5,393,271
		<b>59,965,229</b>	<b>45,031,451</b>
<b>TOTAL</b>		<b>69,828,949</b>	<b>62,783,071</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	7	9,210,379	14,848,753
Intangible assets		-	-
Capital work-in-progress		-	-
		<b>9,210,379</b>	<b>14,848,753</b>
Non-current investments	8	400	400
Long-term loans and advances	9	48,496,041	43,390,606
		<b>57,706,820</b>	<b>58,239,759</b>
<b>Current assets</b>			
Trade receivables	10	8,749,634	162,585
Cash and Cash equivalents	11	2,392,743	4,120,706
Short-term loans and advances	9	979,752	260,021
		<b>12,122,129</b>	<b>4,543,312</b>
<b>TOTAL</b>		<b>69,828,949</b>	<b>62,783,071</b>

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 &amp; KUMAR

Firm Regn. No: 000934S

Chartered Accountants

GIRISH RAO.B

Partner.

M.No. 85745

Place : Bangalore

Date : 20th May, 2015



For RISHIKESH APPARELS PRIVATE LIMITED

Gautam Chakravarti

Director

Sumit Keshan

Director

**RISHIKESH APPARELS 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 (Gross)	12	325,501,640	281,353,733
Other income	13	836,974	2,555,249
<b>Total Revenue</b>		<b>326,338,614</b>	<b>283,908,982</b>
<b>Expenses</b>			
Employee benefits expense	14	262,601,436	223,726,390
Other expenses	15	56,279,812	55,572,920
Depreciation and amortisation expense	16	5,614,567	2,425,635
Finance costs	17	23,087	26,567
<b>Total Expenses</b>		<b>324,518,902</b>	<b>281,751,512</b>
Profit / (Loss) before tax		1,819,712	2,157,470
<b>Tax expense:</b>			
Current tax		1,619,261	629,962
Tax of earlier years (net)		(12,574)	835,424
		1,606,687	1,465,386
Profit / (Loss) for the period		<b>213,025</b>	<b>692,084</b>
<b>Earnings per equity share - (Nominal value per share - Rs. 10) :</b>			
Basic		10.65	34.60
Diluted		10.65	34.60

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 : 20th May, 2015

**For RISHIKESH APPARELS PRIVATE LIMITED****Gautam Chakravarti**

Director

**Sumit Keshan**

Director

**RISHIKESH APPARELS PRIVATE LIMITED****Notes to financial statements for the year ended 31 March 2015***All amounts in Indian Rupees, except stated otherwise***3 Share Capital**Authorised 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	200,000	200,000	200,000	200,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	<b>200,000</b>	<b>200,000</b>	<b>200,000</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**

Equity shares of Rs.10 each fully paid	31 March 2015 Amount	31 March 2014 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 2015		31 March 2014	
	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.



**RISHIKESH APPARELS PRIVATE LIMITED****Notes to financial statements for the year ended 31 March 2015****4 Reserves and Surplus****Capital Reserves**

Balance as per last account

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

5,398

5,398

**Securities Premium Reserve**

Balance as per last account

6,583,000

6,583,000

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

Balance as per last financial statements

2,886,105

2,194,021

Depreciation Reserve as per new Schedule II

(23,808)

-

Profit / (loss) for the year

213,025

692,084

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

3,075,322

2,886,105

**Total Reserves and Surplus**

9,663,720

9,474,503

**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

Provision for leave benefits

-

8,077,117

10,562,829

1,438,265

-

5,500,686

3,955,006

-

8,077,117

16,063,515

5,393,271

**6 Trade payables and Other Current Liabilities****31 March 2015****31 March 2014****Trade Payables**

to Micro and Small Enterprises

to Others

1,653,411

385,712

1,653,411

385,712

**Other current liabilities**

Employees benefit payable

Other expenses payable

Advances from customers

Book Overdraft

Due to Holding Company

ESI payable

Provident fund payable

TDS payable

Professional tax payable

Service tax payable

29,579,397

22,826,568

4,498,152

5,305,359

1,702,017

-

2,014,562

147,552

-

7,696,714

1,031,771

874,418

3,260,897

2,223,912

99,977

139,991

61,530

29,830

-

8,124

42,248,303

39,252,468

Total Trade payables and other current liabilities

43,901,714

39,638,180

**8 Non-current investments****31 March 2015****31 March 2014****Non Trade investments [valued at cost unless stated otherwise]**

Investment in Government Securities (unquoted)

Indira Vikas Patra

400

400

400

400



# **RISHIKESH APPARELS PRIVATE**

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

## **7 Tangible assets**

	Building	Improvement on lease hold rights	Electrical Equipments	Office Equipments	Furniture & Fixtures	Plant & Machinery	Vehicle	Total
<i>Cost or valuation</i>								
<b>At 1 April 2013</b>	4,130,274	1,116,867	18,377,558	136,704	6,154,483	22,198,486	43	52,114,415
Additions	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-
<b>Disposals</b>								
<b>At 31 March 2014</b>	4,130,274	1,116,867	18,377,558	136,704	6,154,483	22,198,486	43	52,114,415
Additions	-	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-	-
<b>Disposals</b>								
<b>At 31 March 2015</b>	4,130,274	1,116,867	18,377,558	136,704	6,154,483	22,198,486	43	52,114,415
<b>Depreciation</b>								
<b>At 1 April 2013</b>	3,441,322	585,472	12,045,916	75,724	4,504,841	14,186,714	39	34,840,028
Charge for the year	68,895	54,502	880,731	8,482	298,585	1,114,438	1	2,425,634
<b>Disposals</b>								
<b>At 31 March 2014</b>	3,510,217	639,974	12,926,647	84,206	4,803,426	15,301,152	40	37,265,662
Charge for the year	47,382	54,502	3,397,729	8,330	608,979	1,497,645	0	5,614,567
Dep on Expired Asset	-	-	-	23,808	-	-	-	23,808
<b>At 31 March 2015</b>	3,557,599	694,476	16,324,376	116,344	5,412,405	16,798,797	40	42,904,037
<b>Net Block</b>								
<b>At 31 March 2014</b>	620,057	476,893	5,450,911	52,498	1,351,057	6,897,334	3	14,848,753
<b>At 31 March 2015</b>	572,675	422,391	2,053,182	20,360	742,078	5,399,690	3	9,210,379



**RISHIKESH APPARELS PRIVATE LIMITED****Notes to financial statements for the year ended 31 March 2015****9 Loans and advances**

(unsecured, considered good)

	Non-current		Current	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
Security deposits	20,148,668	20,411,627	-	-
Advances recoverable in cash / kind	-	-	259,552	-
Due from fellow subsidiaries	-	-	-	-
Advance Tax net of provisions	27,833,450	22,873,979	-	-
Prepaid expenses	513,923	105,000	259,106	95,599
Loans and advances to employees	-	-	426,662	164,422
Balances with customs, excise and other authorities	-	-	34,432	-
	<b>48,496,041</b>	<b>43,390,606</b>	<b>979,752</b>	<b>260,021</b>

**10 Trade Receivables**

(unsecured, considered good)

- Outstanding for a period exceeding six months from the date they are due for payment
- Other receivables
- Due from Holding Company

	Current	
	31 March 2015	31 March 2014
	-	-
	413,876	162,585
	8,335,758	-
	<b>8,749,634</b>	<b>162,585</b>

**11 Cash and bank balances**Cash and cash equivalents

Balance with banks :

-- in Current accounts

Cash on hand

	Current	
	31 March 2015	31 March 2014
	1,939,080	3,977,136
	453,663	143,570
	<b>2,392,743</b>	<b>4,120,706</b>



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

	<u>31 March 2015</u>	<u>31 March 2014</u>
<b>12 Revenue from operations</b>		
Contract Receipts	325,501,640	281,353,733
	<b>325,501,640</b>	<b>281,353,733</b>
<b>13 Other Income</b>		
Other non-operating income	783,288	2,555,249
Excess provision of earlier years written back	53,686	
Profit on sale of fixed assets	-	-
	<b>836,974</b>	<b>2,555,249</b>
<b>14 Employee benefits expense</b>		
Salaries, wages and bonus	221,581,652	189,210,853
Contribution to provident fund and other fund	27,742,705	20,785,303
Gratuity expense	5,829,785	5,076,662
Staff welfare expenses	7,447,294	8,653,572
	<b>262,601,436</b>	<b>223,726,390</b>
<b>15 Other expenses</b>		
Power and fuel	13,874,187	14,339,179
Job work charges	4,960,172	1,824,859
Manufacturing Expenses - Water Expenses	3,981,788	7,249,247
Other manufacturing expenses	425,355	451,045
Security Expenses	5,344,644	4,797,900
Repairs and maintenance		
- Plant and machinery	385,972	930,986
- Buildings	950,569	381,784
- Others	484,447	629,932
Rent	24,216,540	23,717,796
Rates and taxes	227,968	250,066
Auditors' Remuneration	55,067	55,067
Bad debts written off	-	141,186
Other Miscellaneous expenses	1,373,103	803,873
	<b>56,279,812</b>	<b>55,572,920</b>
<u>Payment to auditor</u>		
As Auditor		
Audit fees	55,067	55,067
Taxation matters		
	<b>55,067</b>	<b>55,067</b>
<b>16 Depreciation and amortisation expense</b>		
Depreciation on tangible assets	5,614,567	2,425,635
	<b>5,614,567</b>	<b>2,425,635</b>
<b>17 Finance costs</b>		
Bank charges	21,556	26,567
Interest on others	1,531	-
	<b>23,087</b>	<b>26,567</b>



**RISHIKESH APPARELS 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	1,819,712	2,157,470
Loss before tax	1,819,712	2,157,470
Non-cash adjustment to reconcile profit before tax to net cash flow		
Depreciation/amortization on continuing operations	5,614,567	2,425,635
Interest expense	1,531	-
Interest earned	(296,695)	-
<b>Operating Profit before working capital changes</b>	<b>7,139,115</b>	<b>4,583,105</b>
(Increase)/Decrease in trade receivables	(8,587,049)	(21,399)
(Increase)/Decrease in non current loans and advances	(145,965)	(470,910)
(Increase)/Decrease in current loans and advances	(719,731)	306,664
Increase/(Decrease) in trade payables	1,267,699	(3,348,932)
Increase/(Decrease) in other current liabilities	2,995,835	(4,388,754)
Increase/(Decrease) in long term provisions	(8,077,117)	1,162,324
Increase/(Decrease) in short term provisions	10,670,244	728,932
<b>Cash Generated from /(used in) Operations</b>	<b>4,543,031</b>	<b>(1,448,970)</b>
Direct taxes paid (net of refunds)	(6,566,158)	4,432,882
<b>Net Cash Flow from Operating Activities</b>	<b>(2,023,127)</b>	<b>2,983,912</b>
<b>Net Cash Flow from/(used in) Operating Activities</b>	<b>(2,023,127)</b>	<b>2,983,912</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest received	296,695	-
<b>Net Cash Flow from / (used in) Investing Activities</b>	<b>296,695</b>	<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	(1,531)	-
<b>Net Cash Flow from / (used in) Financing Activities</b>	<b>(1,531)</b>	<b>-</b>
<b>D. Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(1,727,963)</b>	<b>2,983,912</b>
<b>E. Opening Balance of Cash &amp; Cash Equivalents</b>	<b>4,120,706</b>	<b>1,136,794</b>
<b>F. Closing Balance of Cash &amp; Cash Equivalents</b>	<b>2,392,743</b>	<b>4,120,706</b>
Components of Cash and Cash Equivalents		
Cash on hand	453,663	143,570
Bank Balances with Scheduled Banks:		
-- in Current Accounts	1,939,080	3,977,136
	<b>2,392,743</b>	<b>4,120,706</b>
	<b>2,392,743</b>	<b>4,120,706</b>

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

**Gautam Chakravarti**

Director

Place : Bangalore

Date : 20th May, 2015

**Sumit Keshan**

Director

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

**GIRISH RAO.B**

Partner

M.No. 85745





## **RISHIKESH APPARELS PRIVATE LIMITED**

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

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

**Rishikesh Apparels Private Limited** (herein after referred to as "the Company") was incorporated on 15th April 2004. The Company took over all the assets and liabilities of M/s Global Garmentss 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). 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 Accounts

### 18. Contingent liabilities

(Amount in Rs.)

Particulars	2015	2014
Claims against the Company not acknowledged as debts	3,765,238	9,450,186
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 certain litigations with third parties, the impact of which is not quantifiable. These cases are pending with various courts/forums and are scheduled for hearings. After considering the circumstances and legal evaluation thereon, the Company's management believes that these cases will not have any adverse impact on the financial statements.

### 19. 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 recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the respective plans.

Net employee benefit expense (in Profit and Loss Account)

(Amount in Rs)

	2015	2014
Current Service Cost	2,887,249	3,112,832
Interest cost on benefit obligation	754,870	599,353
Expected Return on Plan Assets	(278,119)	(29,330)
Actuarial gain/(loss)	2,465,785	1,393,662
<b>Net benefit expense</b>	<b>5,829,785</b>	<b>5,076,662</b>

Details of Provision for gratuity (in Balance Sheet)

(Amount in Rs)

	2015	2014
Defined benefit obligation	13,054,857	9,501,647
Fair value of plan asset	2,492,028	(13,735)
<b>Liability recognized in the balance sheet</b>	<b>(10,562,829)</b>	<b>(9,515,382)</b>

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

(Amount in Rs)

	2015	2014
Opening defined benefit obligation - Current	1,438,265	1,056,931
Opening defined benefit obligation - Non current	8,077,117	7,673,396
Opening defined benefit obligation Total	9,501,647	8,730,327
Current Service Cost	2,887,249	3,112,832
Interest Cost	754,870	599,353
Benefits Paid	(2,449,127)	(4,316,952)
Actuarial (gain)/loss	2,360,218	1,376,087
<b>Closing defined benefit obligation- Current</b>	<b>13,054,857</b>	<b>1,438,265</b>
<b>Opening defined benefit obligation - Non current</b>	<b>-</b>	<b>8,063,382</b>
<b>Closing defined benefit obligation Total</b>	<b>13,054,857</b>	<b>9,501,647</b>



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

	(Amount in Rs)	
	2015	2014
Opening fair value of plan asset	(13,735)	758,603
Expected return	278,119	0
Actuarial gain/(loss)	(105,567)	(772,338)
Benefits Payout	(2,449,127)	(4,316,952)
Employer contribution	4,782,338	4,316,952
<b>Closing fair value of plan asset</b>	<b>2,492,028</b>	<b>(13,735)</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%	40%
Rate of escalation in Salary per annum	12%	20%
Retirement Age	60	60

The Company expects to contribute Rs 100 lakhs to the employee gratuity fund trust 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:

- 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.

## 20. Segment information

### a) Primary business segment

The Company is engaged in a single business segment of job work related 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	325,501,640 (281,353,733)	8,749,634 (162,585)
Outside India		
<b>Total</b>	<b>325,501,640 (281,353,733)</b>	<b>8,749,634 (162,585)</b>

Note:

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



## 21. 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
		Rajdin Apparels Private Limited
		Reflexion Trading Private Limited
		All Colour Garments 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.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(b)	A(c)	
<b>Income</b>				
Job work charges	302,998,285 (269,081,864)			302,998,285 (269,081,864)
<b>Balances outstanding as at March 31, 2015</b>				
-- Credit balances	0 (7,696,714)	0 (0)	0 (0)	0 (7,696,714)
-- Debit balances	8,335,758 (0)	0 (0)	0 (0)	8,335,758 (0)

Figures in brackets relate to previous year.

## 22. 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.





**23. Earnings per share**

(Amount in Rs)

Particulars	2015	2014
Net profit for the year as per profit and loss account before exceptional items	213,025	692,084
Net profit for the year as per profit and loss account after exceptional items	213,025	692,084
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	10.65	34.60
After exceptional items		

**24. 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	-	-	-
Retirement benefits allowed on payment basis accrued in books			
<b>Total</b>	-	-	-

**25. Remuneration to directors**

(Amount in Rs)

Particulars	2015	2014
Salaries		Nil

**26. CIF value of imports**

Current Year : Nil Previous Period : Nil

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

Current Year : Nil Previous Period : Nil

**28. 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				



**29. 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.23,308 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.3,535,386 with consequential impact in the profits for the year.

**30. Earnings in foreign currency**


Current Year : Nil Previous Period : Nil

31. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
32. 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.
33. Previous year's figures have been regrouped/rearranged/reclassified, wherever necessary to conform to the current year's presentation.

**Signatures to schedules 1 to 33**

**For and on behalf of the Board**

  
**GautamChakravarti**  
**Director**

  
**SumitKeshan**  
**Director**

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

**As per our report of even date**

**For Girish Murthy & Kumar**  
**Firm Regn. No.000934S**  
**Chartered Accountants**



**Girish Rao.B**  
**(Partner)**  
**(Membership No.85745)**

