

Vignesh Apparels Private Limited

**Annual Report
2010-11**

Board of Directors

Mr Gautam Chakravarti, Director
Mr Sumit Keshan, Director

Registered Office:

70, Mission Road
Bangalore-560027.

Auditors

M/s P A Ghatage & Co.
Chartered Accountants
124, Margosa Road
Malleshwaram
Bangalore-560003.

Bankers

Canara Bank
"Avenue Plaza"
Avenue Road Branch
Bangalore - 560002

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Seventh Annual General Meeting of the members of the company will be held at the registered office of the Company at No.70, Mission Road, Bangalore -560 027 September 5,2011 at 3:30 PM to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint M/s P.A. Ghatage & Co., Chartered Accountants as Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

3. To consider and, if thought fit, to pass, with or without modification, the following resolution as a ordinary resolution:

“RESOLVED THAT Mr. Gautam Chakravarti, whose term of office as an Additional Director, pursuant to section 260 of the Companies Act, 1956, expires on the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable for retirement by rotation.”

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as a ordinary resolution:

“RESOLVED THAT Mr. Sumit keshan, whose term of office as an Additional Director, pursuant to section 260 of the Companies Act, 1956, expires on the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable for retirement by rotation.”

**For and on behalf of the
Board of Directors**

Bangalore
May 23, 2011

Sd/-
**Gautam Chakravarti
Director**

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy must be a member of the Company. Proxies in order to be effective must be received at the company's registered office not later than forth-eight hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the company will remain closed from September 2, 2011 to September 5, 2011 (both days inclusive) for the purpose of Annual General Meeting.

DIRECTORS' REPORT

Your Directors take great pleasure in presenting the Seventh Annual Report of your Company together with the audited accounts for the period ended 31st March 2011.

1. Financial Results:

The company primarily derives its income from the holding company, viz., Gokaldas Exports Limited by way of Job Work charges, etc and the financial results for the period ended 31st March 2011 are given below:

Particulars	(Rupees)	
	31.03.2011	31.03.2010
Total Income	10,73,28,900	9,05,99,964
Expenditure	10,82,18,660	8,98,38,606
Profit Before Tax	(8,89,760)	7,61,358
Taxation	3,20,798	2,75,279
Profit After Tax	(12,10,558)	4,86,078
Balance Carried Forward	24,67,299	24,67,299

2. Performance:

During the year the company posted a turnover of Rs 10.73 crores and loss before tax and after tax of Rs 8.89 lakhs and 12.11 lakhs respectively.

3. Auditors:

M/s. P.A. Ghatage & Co, Chartered Accountants, will retire at the ensuing Annual General Meeting. However, being eligible, they offer themselves for re-appointment.

4. Directors:

Mr Madanlal J Hinduja stepped down for the Board wef January 15, 2011. Mr Rajendra J Hinduja and Mr Dinesh J Hinduja stepped down from the Board wef March 31, 2011.

Mr Gautam Chakravarti was appointed as Director wef January 24, 2011 and Mr Sumit Keshan was appointed as Director wef March 31, 2011.

5. Conservation of energy, foreign exchange earnings and outgo:

Not applicable.

6. Particulars of Employees:

The human capital has been recognized as a vital factor in achieving the goals and objectives of the organization. Emphasis is placed to build a network of dedicated and experienced professionals who would strive for organizational growth by maximizing the effectiveness while the policies and practices would foster employees' satisfaction, retention and productivity.

There are no employees whose details are required to be mentioned under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

7. Directors Responsibility Statement:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Board of directors report that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the annual accounts have been prepared on a "going concern" basis.

8. ACKNOWLEDGEMENTS:

Your Directors express their thanks to Gokaldas Exports Ltd, the holding company, its bankers and employees for their support and look forward to their continued co-operation in the ensuing year.

For and on behalf of the Board of Directors
of **VIGNESH APPARELS PRIVATE LIMITED**

Bangalore
May 23, 2011

Sd/-
Gautam Chakravarti
Director

AUDITORS' REPORT

TO THE MEMBERS OF VIGNESH APPARELS PRIVATE LIMITED

I have audited the attached Balance Sheet of **VIGNESH APPARELS PRIVATE LIMITED** as on 31st March 2011 & Profit and Loss Account and Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

Further, I report that,

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

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

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

In my opinion, the Balance Sheet and the Profit and Loss Account 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 2011 and taken on record by the board of directors, I report that none of the directors is disqualified as on 31st March 2011 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 my opinion, and to the best of my information and according to the explanations given to me, the said accounts, together with and subject to notes annexed thereto, give the information required, and give a true and fair view:

2/10, BDA Flats, Cambridge Layout Extn., Ulsoor, Bangalore 560 008



- a. In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2011,
- b. In the case of Profit and loss account, of the loss of the Company for the year ended on that date, and
- 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 me during the course of my audit, I report that:-

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. During the year the fixed assets have been physically verified by the management and there were no discrepancies.
- ii) No substantial parts of the Fixed Assets have been disposed during the year.
- iii) 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. Hence the physical verification of inventories is not applicable.
- iv) 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.
- v) The Company has not taken any loans secured or unsecured from companies, firm or other parties listed in the register maintained under section 301 of the companies Act 1956.
- vi) 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.
- vii) In my opinion and according to the information and explanations given to me, 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 I have not noticed any evidence of continuing failures to correct major weaknesses in internal control.
- viii) According to the information and explanations given to me, I am 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.



P.A.GHATAGE & CO
Chartered Accountants

- ix) According to the information and explanations given to me, I am 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.
- x) In my opinion and according to the information and explanations given to me, 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) 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.
- xiii) According to the information and explanations given to me, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty service tax and cess were in arrears as at 31.03.2011 for a period of more than six months from the date they became payable.
- xiv) The Company is not having any accumulated losses nor the Company has incurred any cash loss for this year and in the immediately preceeding financial year.
- xv) In my opinion, the Company's present Internal Audit system is commensurate with the size and nature of its business.
- xvi) The central government has not prescribed the maintenance of cost records by the companies under section 209(i)(d) of the companies act, 1956.
- xvii) According to the information and explanations given to us, there are no dues of income tax wealth tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute
- 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.



P.A.GHATAGE & CO
Chartered Accountants

- xx) In my 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.
- xxi) I 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.
- xxii) 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.
- xxiii) According to the information and explanations given to me, and on an overall examination of the balance sheet of the Company, I report that the Company has not used any funds raised on short term basis for long term investment.
- xxiv) According to the information and explanations given to me, 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.
- xxv) According to the information and explanations given to me, during the year covered by my report, the Company has not issued any debentures and therefore no securities or charges have been created.
- xxvi) The Company has not raised any money by public issue and as such disclosure on the end use of money does not arise.
- xxvii) I have not noticed any fraud on or by the Company during the year.
- xxviii) The Company is not covered under special statutory provisions applicable to the chit fund, nidhi or mutual benefit societies.

PLACE: BANGALORE
DATED: May 23, 2011

for **P.A.GHATAGE & CO**

Firm Regn. No. 000922S

Chartered Accountants


P.A.Ghatage
(Proprietor)

(Membership No. 12153)



VIGNESH APPARELS PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2011

	Schedules	31-03-2011	31-03-2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	200,000	200,000
Reserves and Surplus	II	9,145,741	10,356,299
Loan Funds	III		
Secured Loans		-	-
Total		9,345,741	10,556,299
APPLICATION OF FUNDS			
Fixed Assets	IV		
Gross Block		15,952,774	14,436,165
Less: Accumulated Depreciation		10,324,280	8,130,878
Net Block		5,628,494	6,305,287
Capital work-in-progress including capital advances		-	-
		5,628,494	6,305,287
Investments	V	8,400	8,400
Deferred Tax Asset		-	105,137
[Refer Note C-7 of Schedule XIV]			
Current Assets, Loans and Advances	VI		
Inventories		-	-
Sundry Debtors		-	7,045,099
Cash and Bank Balances		5,574,884	1,162,624
Other Current Assets		-	-
Loans and Advances		9,857,523	9,207,248
		15,432,407	17,414,971
Less: Current Liabilities and Provisions	VII		
Current Liabilities		10,598,668	12,468,852
Provisions		1,124,892	808,644
		11,723,560	13,277,496
Net Current Assets		3,708,847	4,137,475
Total		9,345,741	10,556,299

Notes to Accounts

XIV

Schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

For P.A.Ghatage & Co

Firm Regn. No.000922S

Chartered Accountants

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

P.A.GHATAGE

(Proprietor)

(Membership No.12153)

Place : Bangalore

Date : 23th May 2011



Gautam Chakravarti
(Director)

Sumit Keshan
(Director)

VIGNESH APPARELS PRIVATE LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2011**

	Schedules	31-03-2011	31-03-2010
INCOME			
Contract Receipts	VIII	107,099,580	90,011,310
Other Income	IX	229,320	588,654
		107,328,900	90,599,964
EXPENDITURE			
Other Manufacturing and Operating Expenses	X	12,342,570	3,447,922
Personnel Costs	XI	79,266,160	72,567,633
Selling and Administrative Expenses	XII	14,409,752	12,307,607
Finance Charges	XIII	6,776	19,192
Depreciation	IV	2,193,402	149,625
		108,218,660	89,838,606
Profit Before Exceptional items		(889,760)	761,358
Add/(Less): Exceptional items		-	-
Profit / (Loss) Before Tax		(889,760)	761,358
Provision for Taxation			
-- Current Tax		-	302,041
-- Deferred Tax charge / (credit)		105,137	(44,716)
-- Income tax of Earlier years		215,661	17,954
Net Profit / (Loss) for the Year		(1,210,558)	486,079
Profit Brought Forward from Previous Year		2,467,299	198,122
Balance carried to Balance Sheet		1,256,741	2,467,299

Notes to Accounts

XIV

Schedules referred to above form an integral part of the Profit and Loss Account

As per our report of even date

For P.A.Ghatage & Co

Firm Regn. No.000922S

Chartered Accountants

P.A.GHATAGE
(Proprietor)

(Membership No.12153)

Place : Bangalore

Date : 23th May 2011



For and on behalf of the Board

For VIGNESH APPARELS PRIVATE LIMITED

Gautam Chakravarti
(Director)

Sumit Keshan
(Director)

VIGNESH APPARELS PRIVATE LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2011

	31-03-2011	31-03-2010
SCHEDULE I - SHARE CAPITAL		
Authorized 20,000 (2010:20,000) Equity Shares of Rs. 10 each -	200,000	200,000
Issued, Subscribed and Paid-up 20,000 (2010:20,000) Equity Shares of Rs. 10 each fullu paid up	200,000	200,000
	200,000	200,000
SCHEDULE II - RESERVES AND SURPLUS		
Securities Premium Account Balance as per last account	7,889,000	7,889,000
Profit and Loss Account	1,256,741	2,467,299
	9,145,741	10,356,299
SCHEDULE V - INVESTMENTS		
A. Long-term Investments [at cost] [unquoted]		
In Government Securities [Non-trade]		
Indira Vikas Patra	400	400
National Savings Certificate	8,000	8,000
	8,400	8,400
SCHEDULE VI - CURRENT ASSETS, LOANS AND ADVANCES		
Sundry Debtors		
[Unsecured, considered good]		
Debts outstanding for a period exceeding six months	-	-
Due from Holding company	-	7,045,099
	-	7,045,099
Cash and Bank Balances		
Cash on hand	4,904,796	550,461
Bank Balances with Scheduled Banks:		
-- in Current Accounts	670,088	612,163
	5,574,884	1,162,624



VIGNESH APPARELS PRIVATE LIMITED

SCHEDULE -IV- FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block			
	As on 01.04.2010	Additions	Deletions	Total 31.03.2011	As on 01.04.2010	For the Year	Deletions	Total 31.03.2011	As on 31.03.2011	As on 31.03.2010
Building	581,853	-	-	581,853	379,466	169,676	-	549,142	32,711	202,387
Improvement on Lease Hold	1,822,222	-	-	1,822,222	860,214	962,008	-	1,822,222	-	962,008
Electrical Equipments	2,926,158	600,000	-	3,526,158	1,577,584	194,904	-	1,772,488	1,753,670	1,348,573
Office Equipments	90,853	-	-	90,853	32,690	8,091	-	40,781	50,073	58,164
Furniture & Fixtures	3,546,740	573,156	-	4,119,896	2,311,289	303,635	-	2,614,925	1,504,971	1,235,450
Plant & Machinery	5,405,160	343,453	-	5,748,613	2,914,459	552,810	-	3,467,269	2,281,343	2,490,700
Computer	26,780	-	-	26,780	25,323	583	-	25,906	874	1,457
Vehicles	36,399	-	-	36,399	29,852	1,695	-	31,547	4,852	6,547
	14,436,165	1,516,609	-	15,952,774	8,130,878	2,193,402	-	10,324,280	5,628,494	6,305,287

Previous Year's Figure 14,520,965 - 84,800 14,436,165 6,701,975 1,496,252 67,349 8,130,878 6,305,287 7,818,991



VIGNESH APPARELS PRIVATE LIMITED**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2011**

	31-03-2011	31-03-2010
Loans and Advances		
[Unsecured, considered good]		
Advances recoverable in cash or kind or for value to be received		
-- for Supplies and Services	803,616	179,146
-- to Staff	-	546,496
Security & other deposits	5,587,565	5,418,585
Advance Tax (net of provision)	3,466,342	3,063,021
	9,857,523	9,207,248
	15,432,407	17,414,970

SCHEDULE VII - CURRENT LIABILITIES AND PROVISIONS**Current Liabilities****Sundry Creditors**

-- Dues to Micro and Small Enterprises
[Refer Note C-11 to Schedule XIV]

-- Others

Due to Holding company

Book Overdraft

Other Liabilities

-	-
5,085,991	9,418,480
3,161,898	-
674,194	2,024,533
1,676,584	1,025,839

10,598,668	12,468,852
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Provisions

Gratuity

Leave Benefits

979,735	160,011
145,157	648,633

1,124,892	808,644
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11,723,560	13,277,496
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SCHEDULE VIII - CONTRACT RECEIPTS

Job Work Income

107,099,580	90,011,310
107,099,580	90,011,310

SCHEDULE IX - OTHER INCOME

Profit on sale of fixed assets (net)

Interest on Income Tax refunds

Miscellaneous Income

-	100,549
-	321,260
229,320	166,845

229,320	588,654
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VIGNESH APPARELS PRIVATE LIMITED**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2011**

	31-03-2011	31-03-2010
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SCHEDULE X - OTHER MANUFACTURING AND OPERATING EXPENSES

Consumption of Consumables, Stores and Spares	1,527	4,380
Job Work Charges	9,052,362	182,363
Power and Fuel	2,191,945	2,386,854
Repairs and Maintenance - Plant and Machinery	611,912	637,525
Other Manufacturing Expenses	484,824	236,800
	12,342,570	3,447,922

SCHEDULE XI - PERSONNEL COSTS

Salaries, Wages and Bonus	67,102,637	62,514,557
Contribution to Provident Fund and other Funds	7,637,288	7,436,242
Gratuity expense	1,655,431	314,980
Welfare Expenses	2,870,804	2,301,854
	79,266,160	72,567,633

SCHEDULE XII - SELLING AND ADMINISTRATIVE EXPENSES

Rent	7,919,015	7,976,702
Repairs and Maintenance		
-- Buildings	226,729	394,075
--Others	2,658,957	700,641
Insurance	5,816	66,145
Rates and Taxes	254,934	127,231
Legal and Professional Charges	666,544	1,841,668
Printing and Stationery	45,645	44,175
Communication Costs	113,042	146,365
Travelling and Conveyance	222,318	245,215
Auditors' Remuneration [Refer Note C- 9 to Schedule XIV]	56,180	56,180
Miscellaneous Expenses	2,240,572	709,210
	14,409,752	12,307,607

SCHEDULE XIII - FINANCE CHARGES

Bank Charges	6,776	19,192
	6,776	19,192



VIGNESH APPARELS PRIVATE LIMITED**Cash Flow Statement for the year ended 31st March 2011**

Cash flow from Operating Activities	31.03.2011	31.03.2010
	Rs.	Rs.
Net profit before taxation & Extraordinary items	(889,759)	761,358
Adjustment for:		
Depreciation	2,193,402	1,496,252
(Profit)/Loss on sale of asset	-	(100,549)
Operating profit before working Capital changes	1,303,643	2,157,061
Adjustment for:		
(Increase)/Decrease in sundry debtor	7,045,099	(2,176,946)
(Increase)/Decrease in Advances	(77,974)	448,770
(Increase)/Decrease in Security and other deposits	(168,980)	2,770,000
Increase/(Decrease) in current liabilities	(1,870,184)	(4,187,600)
Increase/(Decrease) in Provisions	316,248	(296,902)
Cash generated from operations	6,547,851	(1,285,617)
Taxes Paid :		
Current tax	(403,322)	1,835,153
Income tax of earlier years	(215,661)	(17,954)
Net Cash Flow fromm Operating Activities	A 5,928,869	531,582
Cash flow from Investing Activities		
Purchase of fixed assets	(1,516,609)	118,000
Purchase of Investments	-	-
Net Cash Flow from Investing Activities	B (1,516,609)	118,000
Cash flow from Financing Activities		
Net Cash flow from Financing Activities	C -	-
Net Increase / (Decrease) in Cash and Cash Equivalents	A + B + C 4,412,260	649,582
Increase / (Decrease) in Cash And Cash Equivalents		
Cash and Cash Equivalents as at the commencement of the year (Opening Balance)	1,162,624	513,042
Cash and Cash Equivalents as at the end of the year (Closing Balance)	5,574,884	1,162,624

As per our report of even date

For P.A.Ghatage & Co

Firm Regn. No.000922S

Chartered Accountants

P.A.GHATAGE

(Proprietor)

(Membership No.12153)

Place : Bangalore

Date : 23th May 2011



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

Gautam Chakravarti
(Director)

Sumit Keshan
(Director)

VIGNESH APPARELS PRIVATE LIMITED

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR
ENDED MARCH 31, 2011**

SCHEDULE XIV - NOTES TO ACCOUNTS

A. Background

Vignesh 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 Asiatic Exports and New Generation Apparels 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.

B. Significant accounting policies

a) Basis of preparation of financial statements

The financial statements have been prepared to comply in all material respects in respects with the notified accounting standards under Companies (Accounting Standards) Rules, 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.

b) 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 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, actual results could differ from these estimates.

c) 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.

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.



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

Fixed assets are stated at cost of acquisition/construction less accumulated depreciation and impairment losses if any, net of grants received, where applicable and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition/construction.

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 (including software)	40.00%
Vehicles	25.89%

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. Process improvement costs capitalized as intangible assets are amortized over three years.

e) Borrowing Costs

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such asset. Other borrowing costs are charged to Profit and Loss Account.

f) Impairment of assets

At each Balance Sheet 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 Profit and Loss Account 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.

g) Inventories

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

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

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



h) Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

i) Government Grants

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

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

j) Investments

Investments that are readily realizable and intended to be held for not more than a year 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.

k) Retirement and Other Employee Benefits

Defined Contribution Plans:

Contributions to Provident Fund are made at pre-determined rates and charged to the Profit & Loss Account. The Company's liability is limited to the extent of contributions made.

Defined Benefit Plans:

Gratuity liability is accrued in the books based on actuarial valuation on projected unit credit method as at Balance Sheet date. Actuarial gains or losses are immediately taken to Profit and Loss Account and are not deferred.

Other Employee Benefits:

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 Profit and Loss Account and are not deferred.



l) Taxation

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 balance sheet 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 balance sheet 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.

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 Minimum Alternative tax (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 profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

m) 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 Profit and Loss account on a straight-line basis over the lease term.

n) 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 balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

o) Segment Reporting Policies

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.



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.

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.

p) 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.

q) Cash and Cash equivalents

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

C. Notes to Account**1. Contingent liabilities**

(Amount in Rs.)

Particulars	2011	2010
Claims against the Company not acknowledged as debts	402,578	Nil
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

2. 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)	
	2011	2010
Current Service Cost	1,064,325	347,506
Interest cost on benefit obligation	11,833	49,103
Expected Return on Plan Assets	(32,460)	(51,893)
Actuarial gain/(loss)	611,953	(34,937)
Net benefit expense	1,655,651	309,779

Details of Provision for gratuity (in Balance Sheet)

	(Amount in Rs)	
	2011	2010
Defined benefit obligation	1,345,309	641,701
Fair value of plan asset	365,354	481,690
Plan liability	(979,955)	(160,011)

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

	(Amount in Rs)	
	2011	2010
Opening defined benefit obligation	641,701	959,213
Current Service Cost	1,064,325	347,506
Interest Cost	11,833	49,103
Benefits Paid	(987,582)	(690,843)
Actuarial (gain)/loss	615,032	(23,278)
Closing defined benefit obligation	1,345,309	641,701

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

	(Amount in Rs)	
	2011	2010
Opening fair value of plan asset	481,690	879,185
Expected return	32,460	51,893
Actuarial gain/(loss)	3,079	11,659
Contributions by employer	0	229,796
Benefits Paid	(151,875)	(690,843)
Contribution for Benefits settled directly by company	835,707	0
Benefits settled directly by company	(835,707)	0
Closing fair value of plan asset	365,354	481,690

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

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

The Company expects to contribute Rs. 980,000 to gratuity in 2011-12. The major categories of plan asset as a percentage of the fair value of total plan asset are as follows:

	%	
	2011	2010
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.



3. 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):

Geographical Segment	Revenues	(Amount in Rs)
		Carrying amount of segment assets (Debtors)
In India	107,099,580 (90,011,310)	Nil (7,045,099)
Outside India		
Total	107,099,580 (90,011,310)	Nil (7,045,099)

Note:

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

4. 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)	Wholly Owned 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
		Rishikesh Apparels Private Limited
		Robot Systems Private Limited
		Seven Hills Clothing Private Limited
		SNS Clothing Private Limited
		All Colour Garments Private Limited
b.	<i>Key management personnel:</i>	
(i)	Director	Mr. Madanlal J Hinduja (resigned on 15.01.2011)
(ii)	Director	Mr. Rajendra J Hinduja (resigned on 31.03.2011)
(iii)	Director	Mr. Dinesh J Hinduja (resigned on 31.03.2011)
(iv)	Director	Mr. Gautam Chakravarti (appointed on 24.01.2011)
(v)	Director	Mr. Sumit Keshan (appointed 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	107,099,580 (90,011,310)			107,099,580 (90,011,310)
Balances outstanding as at March 31, 2011				
-- Credit balances	3,161,898 (Nil)	Nil (Nil)	Nil (Nil)	3,161,898 (Nil)
-- Debit balances	Nil (7,045,099)	Nil (Nil)	Nil (Nil)	(7,045,099)

Figures in brackets relate to previous year.

5. 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.

6. Earnings per share

(Amount in Rs)		
Particulars	2011	2010
Net profit for the year as per profit and loss account before exceptional items	(1,210,558)	486,079
Net profit for the year as per profit and loss account after exceptional items	(1,210,558)	486,079
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	(60.53)	24.30
After exceptional items		

7. Deferred taxes – Components Asset / (Liability)

(Amount in Rs)			
Particulars	As at March 31, 2008	Current year (charge)/credit	As at March 31, 2010
Difference between book and tax base of fixed assets	105,137	(105,137)	-
Retirement benefits allowed on payment basis accrued in books	0	0	0
Total	105,137	(105,137)	-



8. Remuneration to directors

(Amount in Rs)

Particulars	2011	2010
Salaries	Nil	Nil

9. Auditors' remuneration*

(Amount in Rs)

Particulars	2011	2010
Audit fees	50,000	50,000
Taxation matters	50,000	50,000

* Excluding service tax

10. a) Licensed, installed capacities and production

Particulars	Unit	2011	2010
<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 - Own production - Through Job workers	Pcs		

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

b) CIF value of imports

Current Year : Nil Previous Period : Nil

c) Expenditure in foreign currency on accrual basis

Current Year : Nil Previous Period : Nil

d) Imported and indigenous raw materials, stores and spare parts consumed

Particulars	2011		2010	
	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				



e) Earnings in foreign currency

Current Year : Nil Previous Period : Nil

11. 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.
12. Previous year's figures have been regrouped/rearranged/reclassified, wherever necessary to conform to the current year's presentation.

Signatures to schedules I to XIV

As per our report of even date

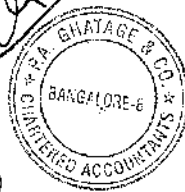
For and on behalf of the Board

**For P.A.GHATAGE & Co.
Chartered Accountants**

For VIGNESH APPARELS PRIVATE LIMITED

**P.A.GHATAGE
(Proprietor)**

(Membership No.12153)



**Gautam Chakravarti
Director**

**Sumit Keshan
Director**

Place : Bangalore
Date : May 23, 2011

4. Performance of the Company (Amount in Rs. Thousands)

Turnover (Total income)										Total Expenditure														
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>					
					1	0	7	3	2	9						1	0	8	2	1	9			
					+ - Profit/(Loss) Before Tax										+ - Profit/(Loss) After Tax									
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					8					9	0						1					2	1	1

(Please tick Appropriate box + for profit, - for loss)

Earnings per Share (Rs)
(on profit after taxes)

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		(6	0	.	5	3)			

Dividend Rate %

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		N	I	L					

5. Generic Names of Three Principal Products / Services of Company
(as per monetary terms)
Item Code No. (ITC Code)

Product Description

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NOT APPLICABLE

For and on behalf of the Board



Gautam Chakravarti
Director



Sumit Keshan
Director

Bangalore: May 23, 2011