

8th Annual Report 2010-2011





Venkateshwara Clothing Company



Wearcraft Apparels



Dress Master Suit



Mysore Factory - Atlantic Apparels - 2

THE FOUNDER

GOKALDAS EXPORTS was founded by the visionary Jhamandas H. Hinduja, who, with his innate ability to plan for the future, while closely overseeing the details of day-to-day operations, built a company with strong foundations and a corporate ethos that rewards initiative and innovation.

OUR VISION

To set a precedence in the global garment manufacturing industry through continuous innovation, exceptional products, focused services and enhanced customer satisfaction.

OUR MISSION

- Deliver on-time, every time, any where in the world.
- Keep a sharp eye on product quality and put in all efforts to raise the bar, constantly.
- Comply flawlessly with all statutory regulations required by our customers in any country.
- Augment and maintain a logistics infrastructure that adheres to the highest levels of efficiency that seamlessly blends with our customers' own supply chain.
- Ensure escalating productivity standards at the lowest operating cost, thus offering our customers a product of the highest quality at the most competitive price.



The late Jhamandas H. Hinduja

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REGISTERED OFFICE

No. 70, Mission Road
Bangalore - 560 027, India

COMPANY SECRETARY

N Sri Sai Kumar

STATUTORY AUDITORS

M/s S R Batliboi & Co.
Chartered Accountants
Canberra Block, 12th Floor, UB City,
No 24, Vittal Mallya Road,
Bangalore - 560001

M/s Girish Murthy & Kumar
Chartered Accountants
4502, High Point IV
45, Palace Road,
Bangalore 560 001

BANKERS

Canara Bank
Corporation Bank

Won highest number of export awards



BOARD OF DIRECTORS



Shri Richard B Saldanha
Chairman



Shri Gautam Chakravarti
Director & CEO



Shri Akhilesh Krishna Gupta
Director



Shri Mathew Cyriac
Director



Shri Prince Asirvatham
Independent Director



Shri Arun K Thiagarajan
Independent Director



Shri J H Mehta
Independent Director



Shri Rangachary N
Independent Director



Shri Partha Sarkar
Independent Director

CHAIRMAN'S STATEMENT



Richard B Saldanha
Chairman

Dear Shareholders,

As many of you are aware that the past 2 years have been challenging for the apparel industry. Some of the key ones that your firm had to face included - unprecedented rise in cotton prices in 2010, fluctuating currencies, high domestic inflation resulting in spiraling wage costs as well as operating expenses and increase in interest rates. In addition to these, revival in the global economy has been weak, putting the overall business performance under acute pressure, whilst continuing to meet our commitment to customers.

The exceptional environment tested our enduring core strengths and capabilities on which this great iconic company is built.

I am happy to report that the firm rose to face the challenges & with unity of purpose is bringing the business back on track and demonstrated its resilience. The last quarter's performance, which is Q1 of 2011-12, of Rs.254 Cr of Revenue and Rs.2 Cr EBIDTA is evidence that we have had a fair degree of success.

We credit this modest recovery to a consistent vision, strong management of the business, quality of our people, good strategic leadership, and the strong support from the high caliber Board.

The difficult market environment and crisis triggered some key strategic initiatives and actions in the firm, viz

1. Revenue enhancement from existing customers, focus on acquiring new customers, getting into higher value products and aggressively tapping into the India retail market
2. Improvement in manufacturing and operational efficiencies
3. Continuous cost management, cost effectiveness and cost control
4. Sustain focus on financial management, reduction in working capital and order to cash cycle

In each of these strategic thrusts, we have comprehensive action plans with specific goals. Enhancing the effectiveness of HR processes and company wide use of IT application - key enablers for good decision making and operational excellence - are high priorities for us.

Strict fiscal discipline and cost control efforts have brought noteworthy and sustainable results. This has seen us through the economic crisis and helped maintain our price, quality and service to our customers.

I think, the lagging impact of the depressed economy is reversing and barring unforeseen circumstances, global and domestic markets will recover and so will your company. The results will be apparent in FY12.

I take this opportunity to thank all employees who have astute business orientation, they know their success depends on a close connect with the customer.

I also thank our valued customers: they care, they are involved and they take the pains to understand our capability. I thank them for pushing us to improve our capacity, delivery and the development of superior product and service.

I also wish to thank our business partners, vendors, and other business associates, who provide the eco system in which we operate.

Further, I must thank this outstanding board for their guidance on governance and strategic direction without which we would not have been able to navigate through such turbulent times.

I take this opportunity to thank the outgoing Chairman, Mr Madanlal J Hinduja. He has been a remarkable person of stature, not just in the company but the entire industry. Under his astute leadership and vision, the company has risen to these great heights. I thank him again for his foresight and invaluable contribution.

And last, but not the least, I wish to thank you and all stakeholders for their continued and unstinted support and confidence, encouragement and trust, in the firm.

DIRECTORS' REPORT

Your Directors are pleased to present the Eighth Annual Report and the Audited Accounts for the year ended March 31, 2011.

Financial Results (Consolidated)

(Rs. In lakhs)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
Sales	1,08,188	1,07,239
Profit Before Tax	(8,812)	(388)
Less: Provision for Tax	336	206
Extraordinary Items	(531)	-
Profit after Tax	(9,007)	(182)
Balance Brought Forward from last year	17,976	18,158
Amount available for Appropriation	8,969	17,976
Appropriations:		
Proposed Dividend	-	-
Balance carried Forward	8,969	17,976

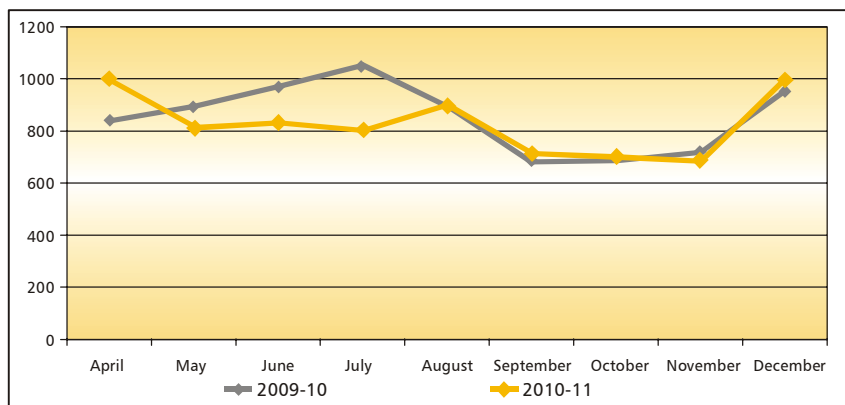
Review of Operations

Gokaldas Exports, on a consolidated basis, has reported a total sales of Rs.1,08,188 lacs in 2010-11 as against Rs.1,07,239 lacs in 2009-10 representing a growth of 1% over 2009-10.

The demand situation in the global apparel industry has not improved significantly during the year. Economic conditions across our major markets in Europe and USA continue to be relatively uncertain, affecting consumer confidence. Global retailers are hence cautious in placing orders. High volatility in raw material prices has been an additional cause of concern during the financial year. Consumers are looking for "value for money" products and global companies are stressing on controlling costs and reducing inventories.

There has been a decline in garments export from India to the tune of 6.2% in 2010, which reflects the weak global demand.

Our Company has been able to show nominal growth in sales turnover in these difficult trading conditions. This has been achieved through initiatives of new customer acquisition and shift to higher value products. Besides, we adopted renewed focus on enhancing our business with Indian retailers.



Apparel Exports from India in 2010-11 and 2009-10

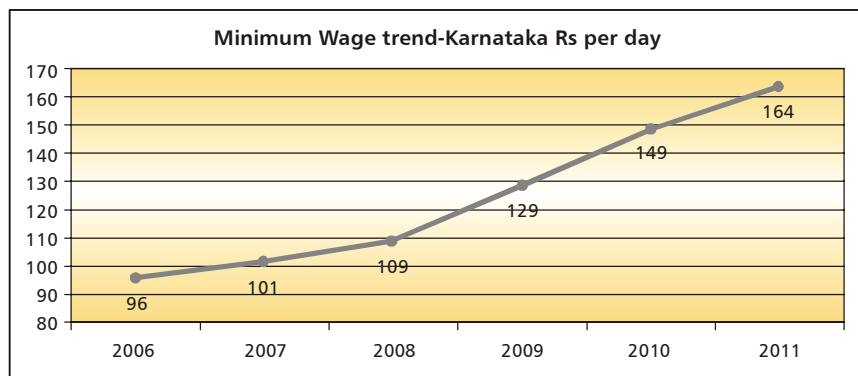
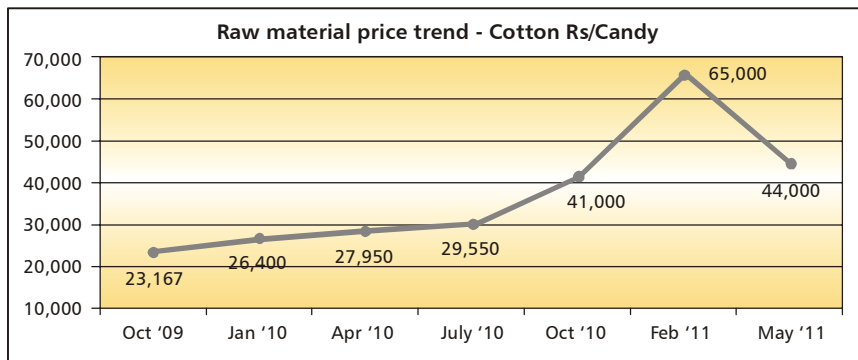
	2010-11		2009-10	
	Rs Lacs	% of Sales	Rs Lacs	% of Sales
Sales	1,08,188		1,07,239	
Expenditure				
Material costs	65,705	61%	65,570	61%
Personnel costs	34,419	32%	30,159	28%
Selling General & Admin costs	24,786	23%	21,149	20%

Key Costs and their impact on profitability

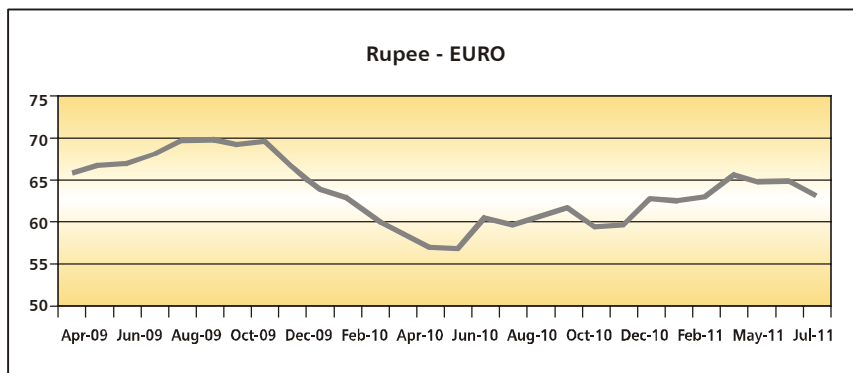
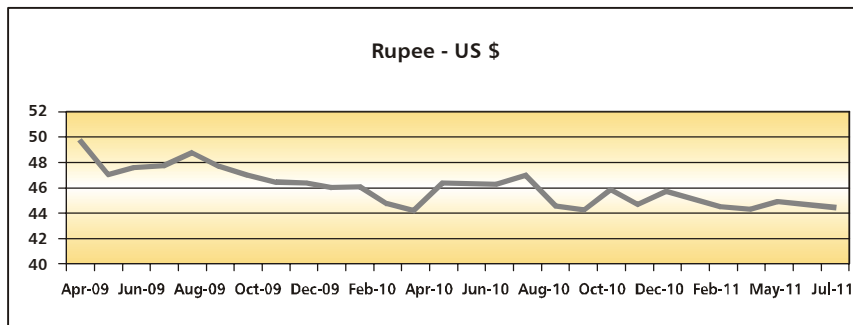
In addition to the market situation, some of the other environmental factors which have affected our financial performance have been volatile cotton prices, surge in wage rates and other operating costs driven by domestic inflation, reduction in export benefits and currency appreciation. The impact of these factors is discussed in the following sections.

The increase in raw material cost, labour costs and other operating expenses have not resulted in increased product prices due to overall depressed demand situation, adversely affecting our margins.

This unprecedented escalation in cotton prices have resulted in a commensurate increase in fabric prices.



Appreciating Rupee has been another key factor affecting profitability of all exporters. The Rupee-US Dollar parity has moved in favor of the Rupee by 4.6% between June 2010 and March 2011. Trend of Re-USD and Re-Euro for past two years is given alongside.



There have also been certain changes in the exports incentives given by the Government of India during the year. Pursuant to this, there has been reduction in export benefits for the Apparel Industry. This change has hurt the competitiveness of the exporters in

the industry vis-à-vis other countries.

Our efforts on working capital management have been fruitful during the year. We have achieved a reduction of Rs. 2,832 lacs in Secured Loans, which has come down from Rs. 34,489 lacs as of March 31, 2010 to Rs. 31,657

lacs as of March 31, 2011. Inventory holding period has also been reduced by 22% from 207 days in 2009-10 to 161 days in 2010-11. Similarly, Sundry Debtors have also come down by 13%.

In April 2010, there was a fire incident in one of our warehouses against which

we had lodged an insurance claim for Rs. 3,764 lacs. The Insurance Company settled this claim for Rs. 3,233 lacs, resulting in a one – time loss of Rs. 531 lacs in 2010-11.

For the year 2011-12, we have undertaken certain key measures to improve our performance. Some of these are – focus on increasing share with existing customers and realizing better value, new customer acquisition, improving manufacturing efficiencies and sustaining the focus on tighter financial management. These initiatives along with improved productivity measures will help us post better results in the coming year.

Dividend

No dividend has been recommended by the Directors for the year.

Subsidiary Companies

As required under Accounting Standard 21, Consolidated Financial Statements incorporate the results of the following subsidiary companies.

List of Subsidiaries

All Colour Garments Private Limited, 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, Seven Hills Clothing Private Limited, SNS Clothing Private Limited, Vignesh Apparels Private Limited and Robot Systems Private Limited

In terms of the specific approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, and in terms of the general permission granted by the Central Government to all companies vide General Circular No. 3/2011 dated February 21, 2011, the Audited Financial Statements along with the reports of the Board of Directors and the Auditors pertaining to the above subsidiaries have not been attached to this Report. The Financial Statements of the said subsidiaries will be kept for inspection by any investor at the registered office of your Company and that of the subsidiary companies.

Investors who want to have a copy of the above may write to the Company Secretary at the registered office.

Fixed Deposits

During the year under review, the Company has neither accepted nor renewed any deposits from public within the meaning of Sections 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

Corporate Governance

Your Company is committed to maintaining the highest standards of Corporate Governance. Your Directors adhere to the standards set out by the Securities and Exchange Board of India's (SEBI) Corporate Governance practices and accordingly have implemented all the stipulations prescribed. Your Company's Corporate Governance Compliance Certificate dated July 27, 2011 in line with Clause 49 of the Stock Exchange Listing Agreement is given along with the Corporate Governance Report.

Management Discussion and Analysis

Management Discussion and Analysis Report is given separately, forming part of this Annual Report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement with Stock Exchanges.

ESOP's

GEL ESOP Scheme 2010 was approved by the shareholders at the previous annual general meeting. Stock options are yet to be granted.

Listing

The equity shares of the Company are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The company has paid the listing fees to the respective stock exchanges till date. The Company's shares are tradable compulsorily in the dematerialized form and the Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) for trading in electronic form.

Directors

Mr Madanlal J Hinduja, Executive Chairman, stepped down from the Board on January 15, 2011. Mr Rajendra J Hinduja, Managing Director and Mr Dinesh J Hinduja, Executive Director, also stepped down from the Board effective March 31, 2011.

Mr Gautam Chakravarti was appointed as Additional Director effective February 3, 2011 and as Whole-time Director & Chief Executive Officer effective April 1, 2011. Brief profile of Mr Gautam Chakravarti and the remuneration payable to him is detailed in the notice convening the Annual General Meeting.

Mr Richard B Saldanha was appointed as Additional Director effective April 1, 2011 and as Non-Executive Chairman of the Board effective May 25, 2011.

Mr Arun K Thiagarajan, Mr J H Mehta and Mr Rangachary N retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The detailed profile of the Directors is mentioned in the notice of the ensuing Annual General Meeting.

Auditors

The Company's Joint Auditors, M/s S.R. Batliboi & Co., Chartered Accountants and M/s Girish Murthy & Kumar Chartered Accountants hold office upto the conclusion of the ensuing Annual General Meeting. The Company has received the requisite certificate from them pursuant to Section 224(1B) of the Companies Act, 1956, confirming their eligibility for re-appointment as Auditors of the Company.

Particulars of Employees

In accordance with the provisions of Section 217(2A) read with Companies (Particulars of Employees), Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Directors' Report is being sent to all members of the Company excluding the aforesaid information about the employees. Any Member interested in

obtaining such particulars may write to the Company Secretary at the Registered / Corporate Office of the Company and the same shall be provided by the Company.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, the Whole-time Management state that:

- I) In the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- II) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of its profits for the year ended March 31, 2011;
- III) They have taken proper and sufficient care towards the

maintenance of adequate accounting records in accordance with the provisions of this Act, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

- IV) They have prepared the financial statements for the year ended March 31, 2011 on a going concern basis.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

In pursuance of the provisions of section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is given below

A. Conservation of Energy

The operations of the Company are not energy intensive. However, wherever possible the Company strives to curtail the consumption of energy on continued basis.

B. Technology absorption, adaptations and innovation

Not Applicable

C. Foreign Exchange Earnings and Outgo

Foreign Exchange
earned : Rs 89,880 lacs
Out go : Rs 17,964 lacs

Acknowledgments and Appreciation

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners/associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. I am sure you will join our Directors in conveying our sincere appreciation to all employees of the Company for their hard work and commitment.

On behalf of the Board of Directors

Bangalore
July 27, 2011

Gautam Chakravarti
Director & CEO

CORPORATE GOVERNANCE REPORT

In compliance with the Corporate Governance reporting requirements as per the format prescribed by the Securities Exchange Board of India and incorporated in Clause 49 of the Listing Agreements with the Stock Exchanges, the Company's policies on Corporate Governance and compliance thereof, for the year ended March 31, 2011 is enumerated below for information of the shareholders and investors of the Company.

Company's philosophy on Corporate Governance

Your Company stands committed to good Corporate Governance – transparency, accountability, disclosure and independent supervision to increase the value to the stakeholders. The Company is committed to transparency in all its dealings with shareholders, employees, the Government and other parties and places high emphasis on business ethics. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and creating long-term shareholder value, keeping in view the interests of all the stakeholders.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement existing as of March 31, 2011 and presents the following Corporate Governance Report for the year 2010-11 based on the said disclosure requirements.

Board of Directors

Gokaldas Exports has a balanced Board comprising of Executive and Non-Executive Directors, who are persons of eminence having vast and varied experience in various Business. The Board of Directors of the Company is currently headed by a Non-Executive Director. The Present strength of the Board is nine, of which one is Whole-time Director, five are Independent Directors and three are Non-Executive Directors. The composition of the Board is in conformity with Clause 49 (I) (A) (ii) of the Listing Agreement.

Meetings

The meetings of the Board of Directors are normally held at the Company's Corporate Office in Bangalore. Meetings are generally scheduled well in advance and the notice of each Board Meeting is given to all the Directors. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company. The Board is provided with the relevant information as stipulated in Clause 49 of the Listing Agreement. The Meetings are governed by a structured agenda.

During the financial year April 01, 2010 to March 31, 2011, four Meetings of the Board were held; on May 27, 2010, August 2, 2010, October 30, 2010 and February 3, 2011. The last Annual General Meeting (AGM) was held on September 17, 2010.

Particulars of the directorship of Board, membership and office of the Chairman of Board Committees across all Companies as on March 31, 2011 and attendance at the Board Meetings of the Company are given below:

Sl No	Name	Designation and Category	No of Meetings		No of Directorship and Committee Membership/Chairmanships ~			Whether attended last AGM
			Held	Attended	Directorships held	Committee Memberships	Committee Chairmanships	
1	Madanlal J Hinduja* (Chairman)	Executive Director	4	3	1	1	Nil	Yes
2	Rajendra J Hinduja**	Executive Director	4	4	1	1	Nil	Yes
3	Dinesh J Hinduja**	Executive Director	4	4	1	2	Nil	Yes
4	Richard B Saldanha# (Chairman)	Non Executive Director	4	NA	4	3	Nil	NA
5	Gautam Chakravarti@	Executive Director & CEO	4	1	3	2	Nil	NA
6	Rangachary N	Independent Director	4	4	7	5	2	Yes
7	Prince Asirvatham	Independent Director	4	4	2	2	1	Yes
8	Arun K Thiagarajan	Independent Director	4	3	10	14	2	No
9	Akhilesh Krishna Gupta	Non Executive Director	4	2	4	4	Nil	No
10	Mathew Cyriac	Non Executive Director	4	2	4	1	Nil	No
11	J H Mehta	Independent Director	4	3	2	4	2	Yes
12	Partha Sarkar	Independent Director	4	4	2	Nil	Nil	No

* Resigned as Director effective January 15, 2011

** Resigned as Director effective March 31, 2011

Appointed as Director effective April 1, 2011

@ Appointed as Director effective February 3, 2011 and as CEO effective April 1, 2011

~ excluding Directorship in private limited companies and section 25 companies

CORPORATE GOVERNANCE REPORT

Remuneration to Executive Directors

Rs in Lacs

Name of the Director	Fixed	Variable(Commission)	Total
Madanlal J Hinduja	38.00	-	38.00
Rajendra J Hinduja	48.00	-	48.00
Dinesh J Hinduja	48.00	-	48.00

The terms and conditions of the executive directors' appointment and remuneration are governed by the resolutions passed by the shareholders for their respective appointment. The company has not entered into separate agreements for the contract of service with the executive directors.

No remuneration is paid to non executive directors except Independent Directors as detailed below.

Independents Directors are entitled to sitting fee only and are not entitled to any remuneration. During the financial year 2010-11, the sitting fee paid to Independent Directors is detailed below:

Amount in Rs.

Name	Board Meeting	Audit Committee	Shareholders Greivance Redressal Committee	Total
Arun K Thiagarajan	60,000	60,000	40,000	160,000
Prince Asirvatham	80,000	80,000	-	160,000
Rangachary N	80,000	80,000	-	160,000
J H Mehta	60,000	60,000	-	120,000
Partha Sarkar	80,000	-	-	80,000
Total				680,000

Code of Conduct

The Company's Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The code of conduct is available on the website of the Company: www.gokaldasexports.com. Requisite annual affirmations of compliance with respective codes have been made by the Directors and Senior Management of the Company for the period April 01, 2010 to March 31, 2011.

The Certificate by the CEO of the Company concerning compliance with the Code of Conduct for Directors and Senior Management is enclosed in this report.

Risk Management

Your Company has a well-defined risk management framework in place. The risk management framework adopted by the Company is discussed in the Management Discussion and Analysis section of this Annual Report.

Committees of the Board

In compliance with the Listing Agreements and the SEBI Regulations, the Board has constituted a set of committees with specific terms of reference and scope to deal with specified matters expediently.

Presently, the Board has four committees:

- Audit Committee
- Shareholders Grievances Redressal Committee
- Remuneration Committee
- Compensation Committee

Audit Committee

The Audit Committee of the Company functions in accordance with the requirements of Section 292A of the Companies Act, 1956 and the Listing Agreement.

Terms of Reference of Audit Committee:

The terms of reference of the Audit Committee as per guidelines set out under Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956, is set out below:

CORPORATE GOVERNANCE REPORT

- Chairman of the Audit Committee shall be an Independent Director.
- The Audit Committee may invite such executives of the Company as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the Committee. The CFO, Head of Internal Audit and representative of the statutory auditor may be present as invitees for the meetings of the Audit Committee.
- The Company Secretary shall act as Secretary of the Audit Committee.
- The Audit Committee shall meet at least four times in a year and not more than four months shall elapse between two meetings.
- The quorum shall be either two members or one-third of the members of the Audit Committee, whichever is higher but there shall be a minimum of two independent members present.

Role of Audit Committee:

The role of the Audit Committee shall include the following:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- Approval of payment to Statutory Auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Boards' Report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications, if any, in the draft limited review audit report and audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function.
- Discussion with Internal Auditors any significant findings and follow-up there on.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Powers of the Audit Committee:

The Audit Committee has the following powers:

- to investigate any activity within its terms of reference.
- to seek information from any employee.
- to obtain outside legal or other professional advice.
- to secure the attendance of outsiders with relevant expertise, if it considers necessary.

Review of information by Audit Committee:

The Audit Committee reviews the following information:

- Management discussion and analysis of financial condition and results of operations.

CORPORATE GOVERNANCE REPORT

- Statement of significant related party transactions (as defined by the Audit Committee) submitted by Management.
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment and removal of the Internal Auditor.

Constitution of Audit Committee:

The Audit Committee of the Company consists of four members and all are Independent Directors with vast experience in Financial Management. The members of the Committee are Mr Prince Asirvatham, Mr Arun K Thiagarajan, Mr J H Mehta and Mr Rangachary N (from April 14, 2010).

Composition and details of Audit Committee Meetings during the financial year:

During the financial year April 01, 2010 to March 31, 2011, four Meetings of the Audit Committee were held; May 27, 2010, August 2, 2010, October 30, 2010 and February 3, 2011. The composition of the Audit Committee and the number of meetings attended during the year under review are as under:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Prince Asirvatham (Chairman)	4	4
Rangachary N (from April 14, 2010)	4	4
Arun K Thiagarajan	4	3
J H Mehta	4	3

Shareholders Grievances Redressal Committee

During the financial year April 01, 2010 to March 31, 2011, four Meetings of the Shareholders Grievances Redressal Committee were held; on August 2, 2010, October 30, 2010 and February 3, 2011. The attendance of the members at the Shareholders' Grievance Committee Meeting held during the year are as under :

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Arun K Thiagarajan	2	2
Madanlal J Hinduja (up to January 15, 2011)	2	2
Rajendra J Hinduja (up to March 31, 2011)	2	2
Dinesh J Hinduja (up to March 31, 2011)	2	2
Richard B Saldanha (from May 25, 2011)	NA	NA
Gautam Chakravarti (from May 25, 2011)	NA	NA

Mr. Arun K Thiagarajan, Non-Executive and Independent Director, is the Chairman of the Committee and the details of the composition of the committee is mentioned above. Mr N Sri Sai Kumar, Company Secretary is the Compliance Officer of the Company.

The Shareholders Grievances Redressal Committee is authorised to:

1. Monitor the system of share transfer, transmission, sub-division, consolidation of share certificates and issue of duplicate certificates.
2. Deal with all investor related issues including redressal of complaints from shareholders relating to transfer of shares, non-receipt of annual report, etc.
3. Delegate such powers to Company's officers, as may be necessary including powers to approve transfers, transmissions, authenticate share certificates and to take other actions in relation to Shareholders' related matters.

The Company through its Registrar and Share Transfer Agents has resolved most of the investor grievances / correspondence at the earliest from the date of their receipt. The statistics of Shareholders complaints received / redressed, during the year under review is appended below:

CORPORATE GOVERNANCE REPORT

No. of Shareholders complaints pending as at April 01, 2010.	Nil
No. of Complaints relating to Non-receipt of dividend warrants, Redemption / Interest warrants, Annual Reports, Share certificates, endorsement stickers, change of address, deletion of name and others received during the year April 01, 2010 to March 31, 2011	8
No. of Shareholders complaints resolved during the year April 01, 2010 to March 31, 2011	8
No. of Shareholders complaints pending as on March 31, 2011	Nil

Secretarial Audit for Reconciliation of Capital

A Secretarial Audit was carried out by a qualified Practising Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDS) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDS. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors.

Remuneration Committee

The Company has constituted a remuneration committee on April 01, 2009 to carry on functions relating to determination of the remuneration payable to the Directors, recommendation for appointment/reappointment of the Managing Directors/Whole-Time Directors, revision in remuneration of the existing Directors of the Company from time to time.

The Remuneration Committee comprises of Mr J H Mehta (Chairman), Mr Arun K Thiagarajan and Mr Prince Asirvatham as members.

Compensation Committee

As required under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, Compensation Committee is to be constituted to over see Employee Stock Option's (ESOP) granted by the Company.

GEL ESOP Scheme 2010 was approved by the members at the Annual General Meeting held on September 17, 2010. Compensation Committee was constituted on August 2, 2010 consisting of Mr J H Mehta (Chairman), Mr Prince Asirvatham, Mr Dinesh J Hinduja. Mr Dinesh J Hinduja stepped down from the Board effective March 31, 2011 and Mr Gautam Chakravarti was inducted into the Compensation Committee effective May 25, 2011.

ESOP are yet to be granted. No Compensation Committee meeting was held during the year.

Disclosures

Disclosures on materially significant related party transactions

The related party transactions during the year ended March 31, 2011 have been listed in the notes to the accounts. Shareholders may please refer the same. However, these are not in conflict with the interests of the company at large. There are no material individual transactions which are not in the normal course of business.

Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any member related to capital markets

There has been no non-compliance of any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI or any other statutory authorities on any matters relating to the capital markets.

Compliance with mandatory requirements of Clause 49 of the Listing Agreement

The Company has complied with all mandatory requirements of the Clause 49 of the Listing Agreement.

Compliance with non-mandatory requirements of Clause 49 of the listing agreement

The Company has complied with the non-mandatory requirements to the extent detailed above.

Accounting Treatment

The guidelines/accounting standards notified under Section 211(3C) of the Companies Act, 1956 and relevant provisions of the Companies Act, 1956 have been followed in preparation of the financial statements of the Company.

Capital Issues

The Company has not made any capital issues during the year April 01, 2010 to March 31, 2011.

General Body Meeting

Details of Annual General Meetings (AGM) of the Company held for the last three years:

Financial Year	Day, date & Time	Location
2007-08	Thursday, September 04, 2008, 10.30 AM	The Atria Hotel No.1, Palace Road, Bangalore – 560 001
2008-09	Tuesday, September 22,2009, 10:30 AM	The Atria Hotel, No.1, Palace Road, Bangalore – 560 001
2009-10	Tuesday, September 17,2010, 10:30 AM	The Atria Hotel, No.1, Palace Road, Bangalore – 560 001

Special Resolutions passed during the last 3 Years

Annual General Meeting held on September 04, 2008: No Special Resolution

Annual General Meeting held on September 22, 2009:

- To appoint Mr Rajendra J Hinduja as the Managing Director
- To appoint Mr Madanlal J Hinduja as the Chairman

Annual General Meeting held on September 17, 2010:

- To reappoint Mr Dinesh J Hinduja as Executive Director
- To issue stock options to the employees of the company - GEL ESOP Scheme 2010
- To issue stock options to the employees of the subsidiary companies under GEL ESOP Scheme 2010

Insider Trading

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has prescribed a Code of Conduct for Prevention of Insider Trading and a Code of Corporate Disclosure Practices.

The Company observes a closed period for trading in securities of the Company by the Directors/Officers and Designated Employees of the Company for a minimum period of seven days prior to the close of the quarter/half year/year and up to 24 hours after the date on which the results for the respective quarter/half year/year are declared.

Auditor's Certificate on Corporate Governance

As required under clause 49 of the Listing Agreement, a certificate from the Statutory Auditors' is obtained regarding compliance of conditions of corporate governance and is annexed and forms part of the Directors' Report.

CEO / CFO Certificate

As required by clause 49 of the Listing Agreement, the certificate issued by the Director & CEO and CFO on financial statements etc., is provided elsewhere in the Annual Report.

Means of Communication

The annual audited financial results, the quarterly / half yearly unaudited financial results are generally published in, the Financial Express and Samyukta Karnataka (a regional daily published from Bangalore). These results are also posted on the Company's website at www.gokaldasexports.com.

Other information like shareholding pattern (quarterly), Corporate Governance Report, Memorandum and Articles of Association of the Company (with amendments thereof, if any), Annual Reports etc., are also posted on our website as soon as they are released/ published.

Investor Grievances and Share Transfer

The Company has a Board level Investor Grievances Committee to examine and redress shareholders' and investors' complaints. The status on complaints and share transfers is reported to the Board. For matters like dividends, change of address, refunds, demat, remat of shares etc., the shareholders/investors should communicate with Karvy Computershare Private Limited, Registrar and Share Transfer Agent of the company. Their address is given in the section on General Shareholder Information.

CORPORATE GOVERNANCE REPORT

General Shareholder information:

Annual General Meeting	September 9, 2011 NIMHANS Convention Center NIMHANS Hosur Road Bangalore – 560029 11:30AM
Date of Book Closure	September 6, 2011 to September 9, 2011 (both days inclusive)
Financial Results Calendar (tentative)	Fourth week of July, 2011 - Unaudited Results for the quarter and three months ended June 30, 2011. Fourth week of October, 2011 - Unaudited Results for the quarter and six months ended September 30, 2011. Fourth week of January, 2012 - Unaudited Results for the quarter and nine months ended December 31, 2011. Fourth week of May, 2012 - Audited Results for the year ended March 31, 2012
Listing on Stock Exchanges	National Stock Exchange, Mumbai (Script Code - GOKEX) Bombay Stock Exchange, Mumbai (Script Code - 532630)
International Securities Identification Number (ISIN)	INE887G01027
Corporate Identification Number (CIN)	L18101KA2004PLC033475

The Company has paid annual listing fees, as prescribed, to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited, Mumbai for the Financial Year 2011-12.

Custodial Fee

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No.MRD/DoP/SE/DEP/CIR-4/2005 dated 28th January, 2005 and MRD/DoP/SE/DEP/CIR-2/2009 dated February 10, 2009, Issuer Companies are required to pay custodial fees to the depositories. Accordingly, the Company has paid custodial fee for the year 2011-12 to NSDL and CDS on the basis of the number of beneficial accounts maintained by them as on 31st March 2011.

Registrar & Share Transfer Agents:

Share registration and other investor related activities are carried out by our Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited for both Physical and Demat securities. Their address is given below:

Karvy Computershare Private Limited

Plot No.17-24, Vithal Rao Nagar,
Madhapur, Hyderabad - 500 034
Tel: 040-44655000/44655178 - 828 Fax: 040-23440814
E-mail: mailmanager@karvy.com
Contact person: Mr Sreedharmurthy / Mrs. Sravanthi Kodali

Share Transfer System:

Shares sent for transfer in physical form are registered and dispatched within 15 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 15 days.

Monitoring of Share Transfers and other investor related matters are dealt with by the Shareholders' Grievance Committee. The Company's Registrars, M/s. Karvy Computershare Private Limited process the share transfers in respect of physical securities on a fortnightly basis and the processed transfers are approved by the authorised Executives of the Company also on a fortnightly basis.

All requests for dematerialization of shares, which are in order, are processed within 15 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDS).

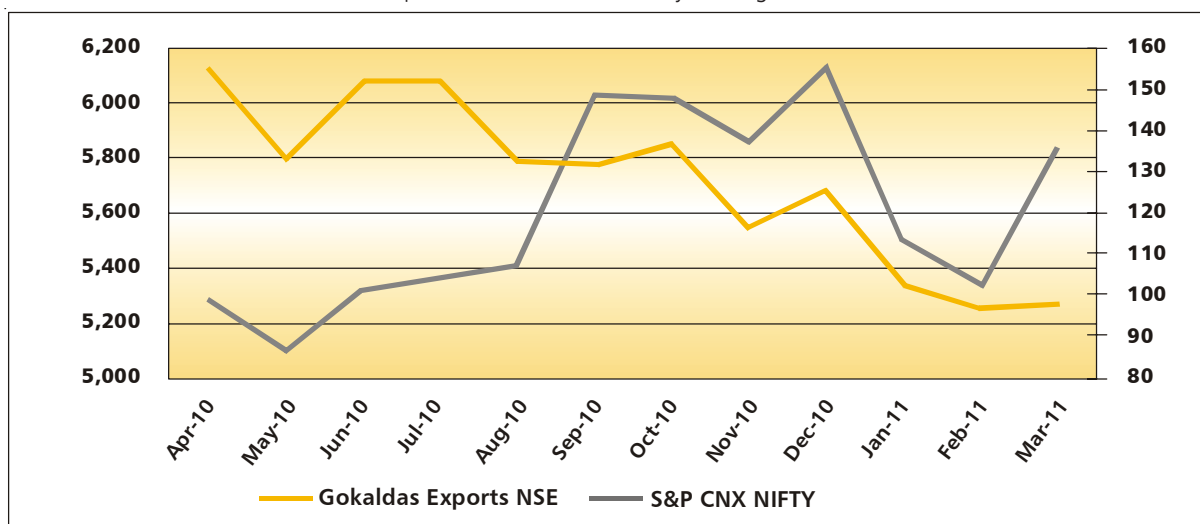
CORPORATE GOVERNANCE REPORT

Stock price Data:

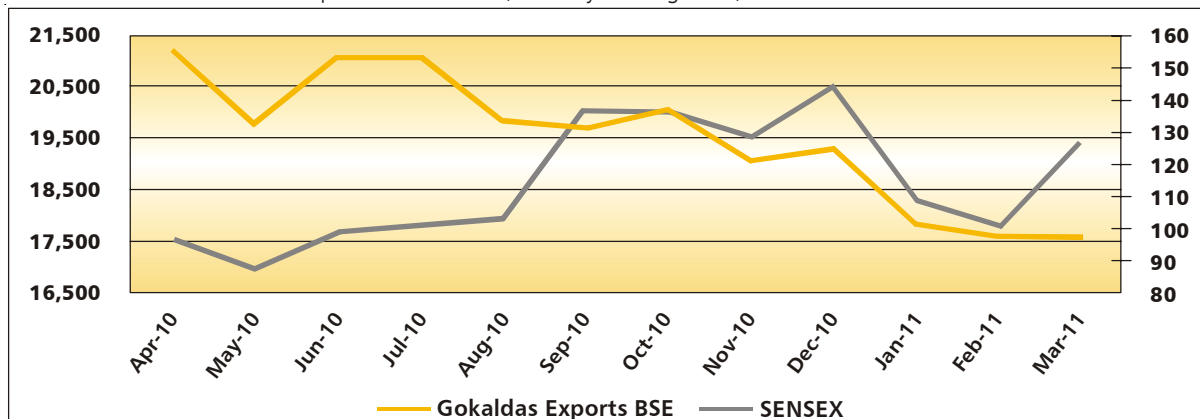
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs)	Low (Rs)	No of shares traded	High (Rs)	Low (Rs)	No of shares traded
Apr-10	174.90	145.35	114,638	175.00	145.30	153,619
May-10	159.95	128.50	30,113	158.70	128.00	36,469
Jun-10	172.00	130.25	135,076	172.00	126.00	216,023
Jul-10	173.85	145.25	161,868	174.70	148.00	308,393
Aug-10	162.00	126.70	355,642	167.00	114.70	448,318
Sep-10	145.00	131.00	60,136	144.60	131.10	85,615
Oct-10	155.00	130.10	127,769	155.90	130.05	253,876
Nov-10	145.90	115.10	49,862	145.90	114.05	107,461
Dec-10	129.90	105.00	23,240	127.00	103.00	60,691
Jan-11	131.80	101.00	29,388	131.00	100.00	31,060
Feb-11	106.00	83.50	34,595	107.80	83.00	35,840
Mar-11	129.40	90.65	328,976	126.40	90.00	862,335

Stock Performance:

NSE – S&P CNX NIFTY Vs. Gokaldas Exports Share Price (Monthly Closing Price)



BSE – SENSEX vs. Gokaldas Exports Share Price (Monthly Closing Price)

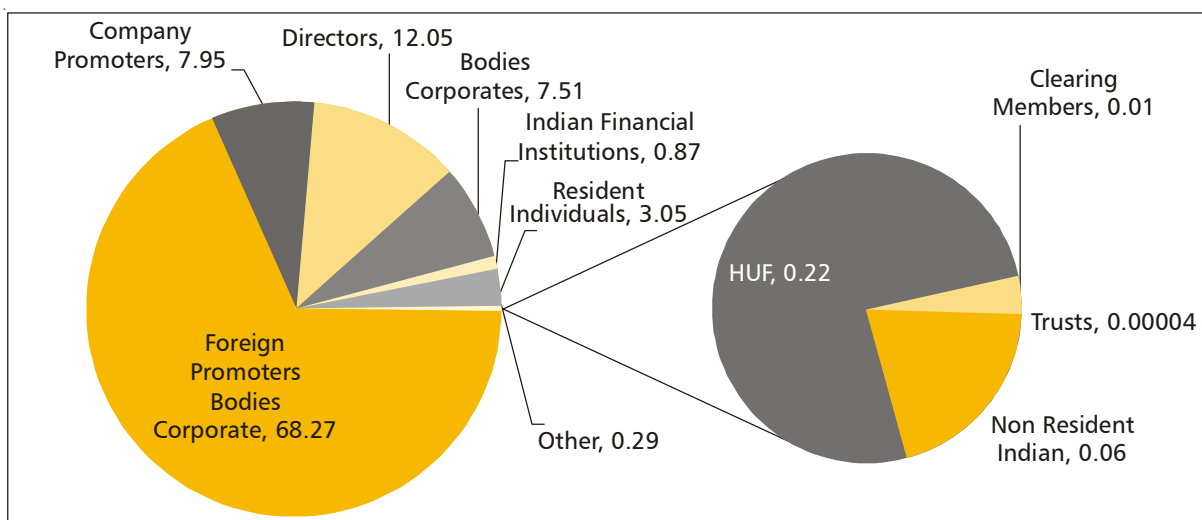


CORPORATE GOVERNANCE REPORT

Shareholding Pattern as on March 31, 2011:

Sno	Description	Cases	Shares	%Equity
1	Foreign Promoters Bodies Corporate	1	23469242	68.27
2	Company Promoters	4	2732600	7.95
3	Directors	2	4142602	12.05
4	Bodies Corporates	278	2583227	7.51
5	Indian Financial Institutions	1	299484	0.87
6	Resident Individuals	10419	1047606	3.05
7	Non Resident Indians	129	21772	0.06
8	HUF	364	76059	0.22
9	Clearing Members	19	3393	0.01
10	Trusts	1	15	0.00004
	Total:	11218	34376000	100.00

*Mr Rajendra J Hinduja and Mr Dinesh J Hinduja Directors stepped down from the Board effective March 31, 2011.



Top Ten Shareholders of the Company as on March 31, 2011:

Folio/Clientid	Description	Shares	%Equity
20015218	Blackstone FP Capital Partners (Mauritius) V- B Subsidiary Ltd	23469242	68.27
10103023	Vinamra Universal Traders Pvt Ltd	2279714	6.63
30583427	Dinesh J Hinduja	2228464	6.48
30583450	Madanlal J Hinduja	1914158	5.57
30583435	Rajendra J Hinduja	1914138	5.57
30583484	Ashwin R Hinduja	377596	1.10
30583476	Vivek M Hinduja	377576	1.10
10000012	Life Insurance Corporation of India	299484	0.87
10002392	Manoj H Modi	65000	0.19
30583443	Gaurav D Hinduja	63270	0.18

*Mr Rajendra J Hinduja and Mr Dinesh J Hinduja Directors stepped down from the Board effective March 31, 2011.

CORPORATE GOVERNANCE REPORT

Distribution of Shareholding on March 31, 2011:

Category (Amount)	No. of Shareholders	%	Total Shares	Amount	% of Amount
1 - 5000	11,060	98.592%	768,141.00	3,840,705	2.235%
5001 - 10000	79	0.704%	120,100.00	600,500	0.349%
10001 - 20000	32	0.285%	89,954.00	449,770	0.262%
20001 - 30000	14	0.125%	71,114.00	355,570	0.207%
30001 - 40000	7	0.062%	49,435.00	247,175	0.144%
40001 - 50000	5	0.045%	46,790.00	233,950	0.136%
50001 - 100000	6	0.053%	85,183.00	425,915	0.248%
100001 & Above	15	0.134%	33,145,283.00	165,726,415	96.420%
Total	11,218	100.00%	34,376,000	171,880,000	100.00%

Dematerialization of shares and Liquidity:

Category	No. of Holders	Total Shares	% To Equity
Physical	8	551	0.002%
N S D L	8,850	34,047,064	99.043%
C D S L	2,360	328,385	0.955%
Total	11,218	34,376,000	100.00%

No of Shares in Demat form as on March 31, 2011

No of Shares	% of Shares	No of Shareholders	% of Shareholders
34,375,449	99.998%	11210	99.93%

Plant Location

Sl. No.	Address	Sl. No.	Address
1	Atlantic Apparels-I, No.46/3B, Garvebavipalya, 8th Mile, Hosur Road, Bangalore-560 068.	8	Gokaldas Exports Ltd, R &D -I No.70, Mission Road, Bangalore-560 027.
2	Atlantic Apparels - II, Plot No.28 D & 28 - E, Belvadi Industrial Area, Mysore, Karnataka - 570 018.	9	Gokaldas Exports (P) Ltd, R &D - III # 76/1, 11 & III Floor, Mission Road, Kalingarao Road, Bangalore-560 027.
3	Atlantic Apparels – III – Hyderabad Survey No. A-7/1, Nacharam, Rangareddy District, Hyderabad.	10	Gokaldas Exports Ltd Sez Division, Plot No.6/1, Phase - 2, Mepz - Sez, Tambaram, NH - 45, Chennai - 600 045.
4	Asiatic Exports, No.55/56, Mathrushree Complex, Mangammanapalya, Bommanahalli, Bangalore-560 068	11	Global Garments-II, No.46/3B-2, 8th Mile, Garebhavipalya, Hosur Road, Bangalore-560 068.
5	Carnival Clothing Co, No.2/A-1, Chikkaveeranna Road Cross, Bannimantap Etn, Mysore – 15	12	Global Garments-III, No.44, 3rd Cross, Industrial Suburb, Yeshwanthpur, Bangalore-560 022.
6	Dressmaster Suits, No.76/77, 6th Main, 3rd Phase, Peenya Industrial Area, Bangalore - 560 058	13	Gokaldas India, No.21C & 21B, Survey No.34,35,36 & 37, Nallakadaranahalli, Peenya II Stage, Industrial Area, Peenya, Bangalore-560 058.
7	Euro Clothing Co - I, No.122/1, Doddabidarakallu Village, Yeshwanthpur Hobli, Bangalore North Taluk.	14	Hinduja Fashions, No.76, Industrial Suburb, Yeshwanthpur, Bangalore-560 022.

CORPORATE GOVERNANCE REPORT

Sl. No.	Address	Sl. No.	Address
15	Hinduja Proc & Fins Unit, No.2, 5th Cross, Mysore Road, Bangalore-560 023.	26	Sri Krishna Industries, No.25/26, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bangalore-560 022.
16	Hinduja Sports Wear, No.73/19/5, Industrial Suburb, Yeshwanthpur, Bangalore-560 022.	27	Triangle Apparels-I, Site No.804/75, 7th Ward, Near Tilak Park Police Station, Jayapure Road, Tumkur - 01.
17	International Clothing Company #B2, B3 & B4, Indl Estate, Madanapalli Andhra Pradesh - 517 32521	28	Triangle Apparels-II, No.106/5,6,7,8,9, Rachnahalli, Arabic College Post, Bangalore-560 045.
18	International Clothing Company-II Survey No.113, Hongasandra Village, Begur Hobli, (Near Bhondary Factory) 7th Mile, Hosur Road, Bangalore-560 068.	29	Triangle Apparels – VI, # 25/26, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bangalore - 22
19	International Clothing Company-IV Survey No.112,A Block, Near Bhondary Factory, 7th Mile, Hosur Road, Bangalore-560 068.	30	The Unique Creations, No.44, Industrial Suburb, 3rd Main, II Stage, Yeshwanthpur, Bangalore-560 022.
20	Intex, No.31, Magadi Road, Bangalore-560 023.	31	Venkateshwara Clothing Company No.29, Yelahanka Industrial Estate, Yelahanka, Bangalore - 64.
21	The Intex II, III & IV, #26, 2nd Cross, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bangalore-560 022	32	Venkateshwara Clothing Company - II No.10, KHB, Colony Industrial Area, Yelahanka, Bangalore - 64.
22	The Intex V, #13 & 4, 1st A Cross Kamakshipallya, Magadi Main Road Bangalore - 560 079	33	Wearwel - I, No. 21 & 21C, 'A' Layout Industrial Area, Bannimantap Extension Mysore – 570 015
23	Indigo Blues, Plot No-2, Kiadb Indl Area, Doddaballapur - 581 203.	34	Wearcraft Apparels – I No.17/1-38/4-1, Industrial Suburb, Yeshwanthpur, Bangalore-560 022.
24	J.D.Clothing Company, No.9, Rajajinagar Industrial Estate, Bangalore-560 010.		
25	Luckytex-III, No.17/A-34/A-1, Industrial Suburb, Yeshwanthpur, Bangalore-560 022.		

Address for Correspondence

Registered office
70 Mission Road, Bangalore 560027
Phones: 80-22223600 / 1 / 2 / 41272200
Fax : 91-80- 22274869 / 22277497
Email: cs@gokaldasexports.com;
investorcare@gokaldasexports.com

Registrar and Transfer Agent:

Shri K Sreedharamurthy, Senior Manager
Karvy Computershare Private Limited
(Unit: Gokaldas Exports Limited)
Plot No. 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081
Phone : 040 - 4465 5186
Fax : 040 - 2342 0814

CORPORATE GOVERNANCE REPORT

DECLARATION ON CODE OF CONDUCT

To

The Members
Gokaldas Exports Limited
70 Mission Road
Bangalore 560027

This is to confirm that the Board has laid down a code of conduct for all Board members and senior management of the company. It is further confirmed that all directors and senior management personnel of the company have affirmed compliance with the Code of Conduct of the company as at March 31, 2011, as envisaged in clause 49 of the Listing Agreement with stock exchanges.

Bangalore
July 27, 2011

Gautam Chakravarti
Director & Chief Executive Officer

CEO AND CFO CERTIFICATE

We, Gautam Chakravarti CEO and Sumit Keshan CFO of Gokaldas Exports Limited, to the best of our knowledge and belief, certify that:

- a) We have reviewed financial statements and the cash flow statement (standalone and consolidated) for the year 2010-11 and to the best of our knowledge and belief:
 - I. these statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - II. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee
 - I. significant changes in internal control over financial reporting during the year;
 - II. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - III. instances of significant fraud if any of which we were aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For Gokaldas Exports Limited

Place: Bangalore
Date: May 23, 2011

Gautam Chakravarti
CEO

Sumit Keshan
CFO

CORPORATE GOVERNANCE REPORT

Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreements

To

The Members of
Gokaldas Exports Limited

We have examined the compliance of conditions of corporate governance by Gokaldas Exports Limited, for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s) in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Girish Murthy & Kumar**
Chartered Accountants
Firm Registration Number: 000934S

per **A.V. Satish Kumar**
Partner
Membership No : F- 26526

Place : Bangalore
Date : July 27, 2011

For **S.R. Batliboi & Co.**
Chartered Accountants
Firm Registration Number : 301003E

per **Navin Agrawal**
Partner
Membership No : 56102

Place : Bangalore
Date : July 27, 2011

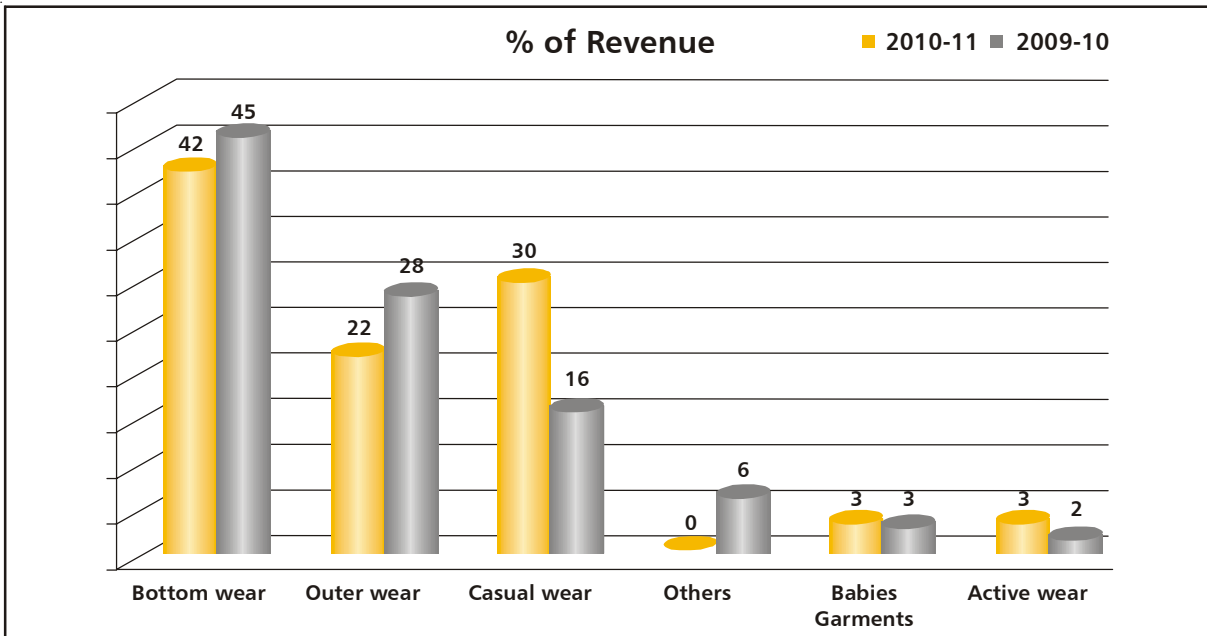
MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Gokaldas Exports Limited (GEL) is one of the leading apparel exporters of India serving global retailers. It is a ISO 9001:2001 certified company, with proven manufacturing, marketing, product design and development capabilities. It has more than 30 operating units spread across three States of Karnataka, Tamil Nadu and Andhra Pradesh manufacturing around 2.5 million garments per month.

GEL has a diversified product portfolio across various categories of garments for men, women and children.

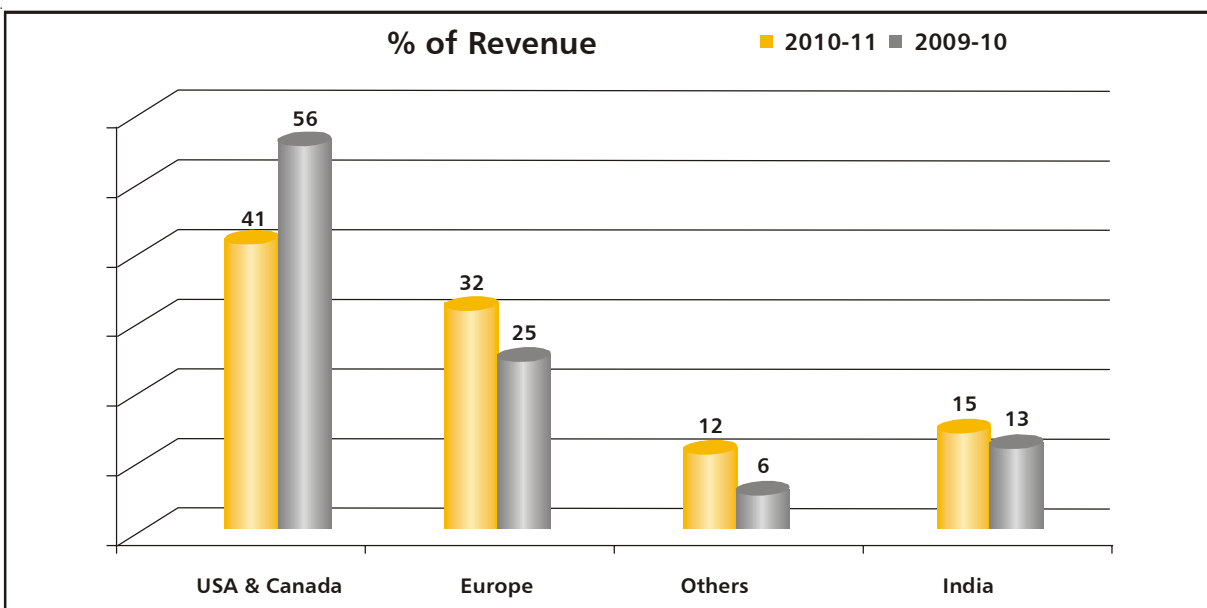
The following graph shows the product mix for past two years



Industry Scenario

Our key markets continue to be USA and Europe, although the share of sales to the Indian retail sector is growing significantly.

Revenue share from various geographical locations in 2010-11 and 2009-10



The recovery in the global economy continues to be weak. Economic scenario in USA and Europe reflect uncertainty in the wake of the public debt crisis. This could adversely affect growth and market demand in those markets unless appropriately addressed in an expeditious manner. Retail sales as well as retail prices are therefore, likely to be

MANAGEMENT DISCUSSION AND ANALYSIS

subdued, in the context of lower consumer confidence.

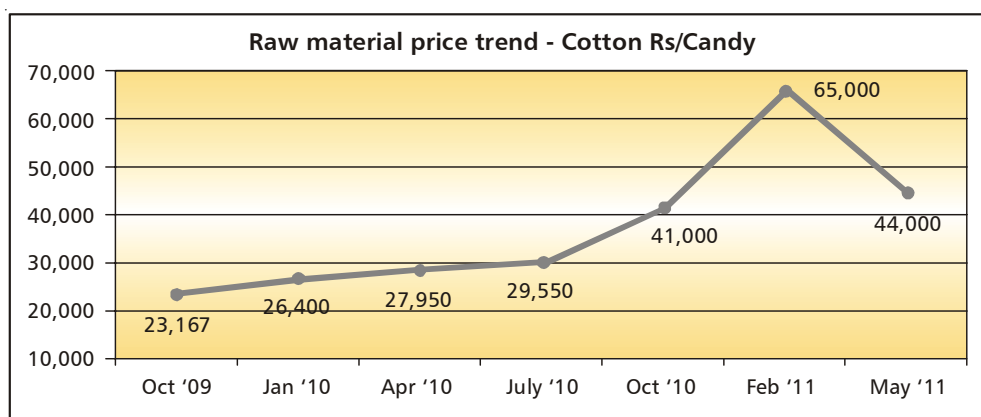
The customers are looking for “value for money” products. This has prompted companies globally to work on strategies for controlling costs and reducing inventories resulting in lower demand situation and stagnant prices. Further, this year saw brands and manufacturers reeling under the pressure of unprecedented increase in raw material prices as well as spiraling operating costs on account of inflationary situations in all Asian economies.

The Indian Economy, however, has been strong this year too. Though there are concerns of high inflation resulting in restrictive monetary policies – RBI has increased repo rates by a cumulative of 325 basis points since April 2010, the consumer sentiment has been positive. However, going forward there are questions on sustainability of this growth trend.

In this backdrop, countries like Bangladesh and Vietnam, with lower cost structures, have been able to increase their market share in USA and Europe. In addition, some of these nations have been benefited by preferential trade agreements which enhance their competitive position. Further, as a part of the Central Government initiative to withdraw the “stimulus” package, export incentives available to this sector have been reduced, eroding the competitiveness as well as profitability of the Indian apparel exports industry .

Opportunities and Challenges

India has big advantages in terms of being globally the second largest cotton growing country second largest producer of cotton yarn, third largest exporter of cotton fabric and the fourth largest exporter of synthetic fabric. With cotton prices coming down in the current fiscal, the country is in a unique position to offer competitive prices to customers. It also has a large pool of available manpower which is a key resource for our Industry.



The growing domestic demand is a big opportunity which can be capitalized by the industry.

India’s product design and development capability, integrated supply chain and higher level of social compliance scores above some of the other apparel manufacturing countries.

The key challenges, however, are sluggish global demand, continuing pricing pressures and wage inflation.

The table below shows that the share of India among exports of apparels into USA has declined in 2010 to 4.4% from 4.5% in 2009.

Market Share by Value of U.S. Apparel Imports

(US\$ in millions)

	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010	Change
Total US Imports	71,629.83	73,922.59	71,568.57	63,104.15	71,398.00	(231.83)
Growth (%)		3.2%	-3.2%	-11.8%	13.1%	0.0%
China	25.9%	30.8%	32.0%	37.2%	39.2%	13.3%
Vietnam	4.5%	5.9%	7.3%	8.0%	8.2%	3.7%
Indonesia	5.1%	5.4%	5.6%	6.1%	6.2%	1.1%
Bangladesh	4.1%	4.2%	4.8%	5.4%	5.5%	1.4%
India	4.4%	4.3%	4.3%	4.5%	4.4%	0.0%
Cambodia	3.0%	3.3%	3.3%	3.0%	3.1%	0.1%
Total for 6 countries	47.0%	53.8%	57.4%	64.3%	66.6%	19.6%
Total Excl. China	21.1%	23.0%	25.4%	27.0%	27.4%	6.3%

Further, the total exports of garments from India to all countries have declined by 6.2% for the period April- Dec 2010 as compared to previous corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

Key Focus Areas

The company has formulated its strategies and identified key focus areas to improve performance in the current environment. Growing market share with existing customers while seeking to increase the proportion of value added products, working towards acquiring new customers with complementary product portfolio, improvement in efficiencies through Lean manufacturing initiatives, and sustained focus on financial management, will drive better performance in 2011-12. We are also aggressively tapping the Indian Retail Market to further strengthen our position as a preferred source for Indian apparel brands.

Risks and concerns

As an export driven enterprise with 85% revenues being denominated in USD/EURO, we are exposed to foreign currency fluctuation. Forex related risks are being mitigated through robust foreign currency risk management practices.

Rise in wage costs and inflationary conditions in the country may have an impact on the profitability of the company.

Any change in government policies which adversely impacts us may hurt our competitiveness – eg, adverse GST rules, changes in exports incentives, changes in interest rate subsidy, etc.

Similarly, change in government policies of competitive countries favoring the respective country's industry may affect the competitiveness of the Indian apparel industry.

Internal control systems and their adequacy

The Company is committed to maintaining an effective system of internal control to facilitate accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with all laws and regulations. The Company has an internal control department to monitor, review and update internal controls on an ongoing basis. The Company has put in place a well defined organization structure, authority levels and internal guidelines for conducting business transactions.

The Company appointed independent internal auditors, who would monitor and review all transactions independently to get higher level of efficiency and would report directly to the Audit Committee, which consists of entirely independent directors, on quarterly basis. The Internal Auditors conducts audit on all key business areas as per the pre-drawn audit plan. All significant audit observations and follow up actions are reported to the Audit Committee along Internal Audit reports and management's responses/replies. The minutes of Audit Committee would be reviewed by the Board for its suggestions/recommendations to further improve the internal control systems.

The Audit Committee periodically reviews audit plans, observations and recommendations of the internal auditors as well as external (statutory) auditors with reference to significant risk areas and adequacy of internal controls.

Human Resources

We believe that human capital of the company is its key strength. Several initiatives have been undertaken during the year to strengthen the human capital of the company. Talent infusion in key areas of higher management and operations management has been one key initiative. We are creating an environment of deep engagement and commitment among employees. We are also enhancing the effectiveness of HR processes aimed towards better performance management as well as higher employee satisfaction.

As in the past, the industrial relations continue to remain cordial at all factories / units of the Company. The Company has around 37,000 employees as on March 31, 2011.

Caution Statement

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The Company assumes no responsibility to amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Besides, the Company cannot guarantee that these assumptions and expectations are accurate or will be realized and actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.

AUDITORS' REPORT

To,

The Members of Gokaldas Exports Limited

1. We have audited the attached Balance Sheet of Gokaldas Exports Limited ('the Company') as at March 31, 2011 and also the 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. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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 those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
 - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For Girish Murthy & Kumar

Firm Registration Number: 0009345
Chartered Accountants

per A.V. Satish Kumar

Partner
Membership No.: F- 26526

Place: Bengaluru
Date: May 25, 2011

For S.R. Batliboi & Co.

Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal

Partner
Membership No.: 56102

Place: Zurich
Date: May 25, 2011

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in paragraph 4 of our report of even date

Re: Gokaldas Exports Limited ('the Company')

- i.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- ii.
 - (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- iii.
 - (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v.
 - (a) According to the information and explanations provided by the management, we are of the Opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
- viii. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix)
 - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

ANNEXURE TO AUDITORS' REPORT

- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs (in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Various disallowances	132.99	AY 1995-1996	High Court Karnataka
Finance Act, 1994	Service tax demand	1.10	FY 2005-2006	Central Excise and Service Tax Appellate Tribunal (CESTAT)

- x. The Company has no accumulated losses at the end of the financial year and *has incurred cash loss in the current year*. In the immediately preceding financial year the Company had not incurred any cash loss.
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii. Based on our examination of documents and records, we are of the opinion that the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xvi. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company did not have any outstanding debentures during the year.
- xx. The Company has not raised any money during the financial year through public issue.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations 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.

For Girish Murthy & Kumar
Firm Registration Number: 0009345
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No: F- 26526

Place: Bengaluru
Date: May 25, 2011

For S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No: 56102

Place: Zurich
Date: May 25, 2011

BALANCE SHEET AS AT MARCH 31, 2011

Amount in Rs Lakhs

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	1,718.80	1,718.80
Reserves and Surplus	II	35,214.96	44,293.04
Loan Funds			
Secured Loans	III	31,657.43	34,489.91
Deferred Tax Liability (net)		-	456.79
[Refer Note C-10 of Schedule XV]			
Total		68,591.19	80,958.54
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	IV	43,642.33	41,066.36
Less: Accumulated Depreciation		20,957.62	17,780.40
Net Block		22,684.71	23,285.96
Capital work-in-progress including capital advances		546.16	273.94
		23,230.87	23,559.90
Investments			
Current Assets, Loans and Advances	VI	4,884.68	5,609.43
Inventories		28,936.76	37,079.45
Sundry Debtors		8,501.00	9,681.28
Cash and Bank Balances		2,784.03	2,196.02
Other Current Assets		3,790.62	5,184.80
Loans and Advances		4,836.80	5,856.52
		48,849.21	59,998.07
Less: Current Liabilities and Provisions			
Current Liabilities	VII	7,946.47	7,989.31
Provisions		427.10	219.55
		8,373.57	8,208.86
Net Current Assets		40,475.64	51,789.21
Total		68,591.19	80,958.54
Notes to Accounts	XV		

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

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526

Bengaluru
Dated : May 25, 2011

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102

Zurich
Dated : May 25, 2011

For and on behalf of the Board

Gautam Chakravarti
Director & Chief Executive Officer

Richard B Saldanha
Chairman

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 25, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Amount in Rs Lakhs

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Sales	VIII	107,953.45	106,874.26
Other Income	IX	7,872.19	9,193.47
		115,825.64	116,067.73
EXPENDITURE			
Raw Materials Consumed	X	65,790.04	65,478.58
Other Manufacturing and Operating Expenses	XI	33,750.29	29,084.25
Personnel Costs	XII	10,411.25	9,071.88
Selling and Administrative Expenses	XIII	7,433.80	5,898.50
Finance Charges	XIV	3,633.94	3,463.12
Depreciation	IV	3,513.86	3,524.63
		124,533.18	116,520.96
Profit / (Loss) Before Tax		(8,707.54)	(453.23)
Less : Provision for Taxation			
-- Current Tax		-	-
-- Taxes of earlier years (net)	-	26.19	-
-- Deferred Tax charge / (credit)		(456.79)	(260.00)
		(430.60)	(260.00)
Profit / (Loss) after tax before extraordinary item		(8,276.94)	(193.23)
Less : Extraordinary item [Refer Note C-18 of Schedule XV]		531.16	-
Net Profit / (Loss)		(8,808.10)	(193.23)
Profit Brought Forward from Previous Year		17,894.32	18,087.55
Balance carried to Balance Sheet		9,086.22	17,894.32
Basic / Diluted Earnings Per Share (Rs.), Face value Rs. 5 each			
[Refer Note C-8 of Schedule XV]			
- Before extraordinary item		(24.08)	(0.56)
- After extraordinary item		(25.62)	(0.56)
Notes to Accounts	XV		

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

For and on behalf of the Board

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526
Bengaluru
Dated : May 25, 2011

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102
Zurich
Dated : May 25, 2011

Gautam Chakravarti
Director & Chief Executive Officer

Richard B Saldanha
Chairman

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 25, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Amount in Rs Lakhs

PARTICULARS	For the year ended March 31, 2011	For the year ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/ (Loss) before taxation and extraordinary items	(8,707.54)	(453.23)
Adjustments for:		
Depreciation	3,513.86	3,524.63
Interest expense	3,229.44	3,076.06
Interest earned	(20.29)	(14.93)
(Profit)/Loss on sale of assets (net)	23.44	(46.11)
(Profit)/Loss on sale of investments	(3.14)	(19.33)
Dividend on investments	(75.60)	(114.59)
Foreign exchange gain (net)	(342.33)	(332.19)
Operating Profit / (loss) before working capital changes	<u>(2,382.16)</u>	<u>5,620.31</u>
Movements in Working Capital :		
(Increase)/Decrease in Sundry Debtors, Loans and Advances, other Current Assets	3,304.14	(3,854.66)
(Increase)/Decrease in Inventories	8,142.69	6,008.61
Increase/(Decrease) in Current Liabilities and Provisions	144.54	162.78
Cash Generated from Operations	<u>9,209.21</u>	<u>7,937.04</u>
Direct taxes paid (net of refunds)	(19.88)	(161.71)
Net Cash Flow from Operating Activities before Extraordinary item	<u>9,189.33</u>	<u>7,775.33</u>
Extraordinary item - [Refer Note C-18 of Schedule XV]	(531.16)	-
Net Cash Flow from Operating Activities after Extraordinary item	<u>8,658.17</u>	<u>7,775.33</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	19.61	12.96
Purchase of Fixed Assets	(3,351.72)	(1,774.78)
Proceeds from Sale of Fixed Assets	163.62	156.13
Dividends received	75.60	114.59
Purchase of Investments	(2,253.69)	(5,075.14)
Proceeds from sale of Investments	2,981.58	4,953.05
Net Cash Flow from / (used in) Investing Activities	<u>(2,365.00)</u>	<u>(1,613.19)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Packing Credit	32,448.53	6,222.48
Repayment of Packing Credit	(33,498.36)	(6,589.22)
Repayment of Term Loans	(1,778.27)	(1,437.11)
Exchange difference (net)	342.33	332.19
Interest paid	(3,233.82)	(3,077.07)
Net Cash Flow from / (used in) Financing Activities	<u>(5,719.59)</u>	<u>(4,548.73)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Amount in Rs Lakhs

PARTICULARS	For the year ended March 31, 2011	For the year ended March 31, 2010
D. Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	573.58	1,613.41
E. Opening Balance of Cash & Cash Equivalents	1,917.51	304.10
F. Closing Balance of Cash & Cash Equivalents	2,491.09	1,917.51
Components of Cash and Cash Equivalents		
Cash on hand	26.21	36.67
Bank Balances with Scheduled Banks:		
-- in Current Accounts	2,450.90	1,852.33
-- in Deposit Accounts	292.94	278.51
-- in EEFC Accounts	12.89	27.44
-- in Unpaid Dividend Accounts	1.09	1.07
	2,784.03	2,196.02
Less: Balance in Deposit Accounts	292.94	278.51
	2,491.09	1,917.51

Note:

Cash and cash equivalents include restricted for use balances amounting to Rs. 1.09 lakhs (2010 : Rs. 1.07 lakhs).

For and on behalf of the Board

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526

Bengaluru
Dated : May 25, 2011

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102

Zurich
Dated : May 25, 2011

Gautam Chakravarti
Director & Chief Executive Officer

Richard B Saldanha
Chairman

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 25, 2011

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

Amount in Rs Lakhs

	As at March 31, 2011	As at March 31, 2010
SCHEDULE I - SHARE CAPITAL		
Authorized		
4,00,00,000 (2010 : 4,00,00,000) Equity Shares of Rs. 5 each	2,000.00	2,000.00
Issued, Subscribed and Paid-up		
3,43,76,000 (2010 : 3,43,76,000) Equity Shares of Rs.5 each fully paid-up	1,718.80	1,718.80
	1,718.80	1,718.80
Of the above:		
i. 2,34,69,242 (2010 : 2,34,69,242) equity shares of Rs.5 each are held by Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited, the Holding Company.		
ii. 71,26,000 (2010 : 71,26,000) equity shares of Rs. 5 each have been allotted as fully paid-up pursuant to a scheme of amalgamation without payment being received in cash.		
SCHEDULE II - RESERVES AND SURPLUS		
Capital Reserve (on amalgamation) as per last account	9,751.19	9,751.18
Securities Premium Account as per last account	13,721.31	13,721.30
General Reserve as per last account	2,192.09	2,192.09
Hedged Reserve account		
Balance as per last account	734.15	(1,174.40)
Less: Reclassified to Profit and Loss account	(734.15)	1,174.40
Add: Unrealised gain/(loss) on designated derivative contracts	464.15	734.15
	464.15	734.15
Profit and Loss Account balance	9,086.22	17,894.32
	35,214.96	44,293.04
SCHEDULE III - SECURED LOANS		
Packing Credit Loan from Banks	29,188.21	30,238.04
[includes Rs. 9,147.18 lakhs (2010 : Rs. Nil) in foreign currency]		
[Secured by hypothecation of raw materials, finished goods & book debts]		
Term Loan from Banks (Under Technology Upgradation Fund Scheme)	2,454.00	4,232.27
[Secured by hypothecation of specific fixed assets purchased]		
Interest accrued and due	15.22	19.60
	31,657.43	34,489.91

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

SCHEDULE - IV - FIXED ASSETS

Amount in Rs Lakhs

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at April 01, 2010	Additions during the year	Sale/Deletion during the year	As at March 31, 2011	As at April 01, 2010	for the Year	Deduction for Sale/Deletions	As at March 31, 2011	As at March 31, 2010
Land	1,330.10	-	-	1,330.10	-	-	-	1,330.10	1,330.10
Buildings	7,084.38	313.95	-	7,398.33	1,972.50	541.23	-	4,884.60	5,111.88
Leasehold Improvements	600.95	159.21	-	760.16	278.67	214.63	-	266.86	322.28
Plant & Machinery	26,864.84	1,989.22	300.03	28,554.03	13,071.25	2,024.77	204.69	13,662.70	13,793.59
Electrical Equipments	774.66	34.24	-	808.90	304.08	67.94	-	436.88	470.58
Office Equipments	390.03	21.21	-	411.24	172.91	31.48	-	206.85	217.12
Furniture & Fixtures	1,550.98	198.53	91.05	1,658.46	732.81	169.88	24.08	779.85	818.17
Computers (including software)	1,224.63	281.32	-	1,505.95	880.74	178.12	-	447.09	343.89
Vehicles	551.15	101.99	132.62	520.52	367.44	54.26	107.87	206.69	183.71
	40,371.72	3,099.67	523.70	42,947.69	17,780.40	3,282.31	336.64	22,221.62	22,591.32
Intangible Assets	694.64	-	-	694.64	-	231.55	-	463.09	694.64
Total	41,066.36	3,099.67	523.70	43,642.33	17,780.40	3,513.86	336.64	22,684.71	23,285.96
Previous Year	38,161.89	3,382.67	478.20	41,066.36	14,623.95	3,524.63	368.18	23,285.96	

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

Amount in Rs Lakhs

	As at March 31, 2011	As at March 31, 2010
SCHEDULE V - INVESTMENTS		
A. Long-term Investments [at cost] [unquoted]		
In Government Securities [Non-trade]		
National Savings Certificate	0.43	0.43
	0.43	0.43
In Subsidiary Companies [Trade]		
All Colour Garments Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	333.98	333.98
Deejay Trading Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	81.96	81.96
Glamourwear Apparels Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	101.46	101.46
Madhin Trading Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	65.86	65.86
Magenta Trading Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	69.08	69.08
Rafter Trading Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	36.72	36.72
Rajdin Apparels Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	170.90	170.90
Reflexion Trading Private Limited 10,000 (2010 : 10,000)Equity Shares of Rs. 10 each, fully paid-up	1.00	1.00
Rishikesh Apparels Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	67.83	67.83
Robot Systems Private Limited 12,000 (2010 : 12,000)Equity Shares of Rs. 10 each, fully paid-up	327.81	327.81
Seven Hills Clothing Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	307.90	307.90
SNS Clothing Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	1,776.00	1,776.00
Vignesh Apparels Private Limited 20,000 (2010 : 20,000)Equity Shares of Rs. 10 each, fully paid-up	80.89	80.89
	3,421.39	3,421.39
B. Current Investments [unquoted, at lower of cost and fair value] [Non-trade]		
In Mutual Funds		
Templeton India Short Term Income Retail Plan 34,287 (2010 : 113,347) units of Rs. 1,000 each	454.27	1,217.62
Birla Sunlife Medium Term Plan Nil (2010 : 96,70,896) units of Rs. 10 each	-	969.99
Fidelity Short Term Income Fund 100,85,636 (2010 : Nil) units of Rs. 10 each	1,008.59	-
	1,462.86	2,187.61
	4,884.68	5,609.43

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

Amount in Rs Lakhs

	As at March 31, 2011	As at March 31, 2010
SCHEDULE VI - CURRENT ASSETS, LOANS AND ADVANCES		
Inventories		
(at lower of cost and net realisable value)		
Raw Materials and Packing Materials [includes Material in Transit Rs.361.55 lakhs (2010: Rs. 190.93 lakhs)]	18,285.20	23,034.58
Consumable Stores and Spares Parts	271.71	282.92
Finished Goods [includes Material in Transit Rs Nil (2010 : 45.09lakhs)]	4,129.93	8,572.37
Work-in-progress	6,249.92	5,189.58
	<u>28,936.76</u>	<u>37,079.45</u>
Sundry Debtors		
[Unsecured, considered good]		
Debts outstanding for a period exceeding six months	361.12	803.29
Others debts	8,139.88	8,877.99
	<u>8,501.00</u>	<u>9,681.28</u>
Cash and Bank Balances		
Cash on hand	26.21	36.67
Bank Balances with Scheduled Banks:		
— in Current Accounts	2,450.90	1,852.33
— in EEFC Accounts	12.89	27.44
— in Deposit Accounts	292.94	278.51
— in Unpaid Dividend Accounts	1.09	1.07
	<u>2,784.03</u>	<u>2,196.02</u>
Other Current Assets		
[Unsecured, considered good]		
Interest accrued on bank deposits	12.21	11.53
Export Incentives receivable	3,778.41	5,173.27
	<u>3,790.62</u>	<u>5,184.80</u>
Loans and Advances		
[Unsecured, considered good]		
Advances to Subsidiaries	108.48	1,213.61
Advances recoverable in cash or kind or for value to be received	1,838.25	1,811.26
Balances with customs, excise and other authorities	418.92	434.07
Security & other deposits	1,563.64	1,333.81
Claims receivable	553.13	703.08
Advance Tax [net of provision Rs. 1,073.37 lakhs (2010 : Rs. 1047.18 lakhs)]	314.06	320.37
Minimum Alternate Tax Credit Entitlement	40.32	40.32
	<u>4,836.80</u>	<u>5,856.52</u>
Refer Note C- 7 to Schedule XV for dues from companies under same management	<u>48,849.21</u>	<u>59,998.07</u>

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

Amount in Rs Lakhs

	As at March 31, 2011	As at March 31, 2010
SCHEDULE VII - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors		
— Dues to Micro and Small Enterprises [Refer Note C-14 to Schedule XV]	12.42	27.48
— Others	5,793.46	5,881.15
Due to Subsidiaries	1,554.54	1,721.15
Advances from Customers	226.38	125.10
Unclaimed Dividends (to be transferred to IEPF as and when due)	1.09	1.07
Book Overdraft	46.91	34.50
Other Liabilities	311.67	198.86
	<u>7,946.47</u>	<u>7,989.31</u>
Provisions		
Gratuity	248.72	104.18
Leave Benefits	178.38	115.37
	<u>427.10</u>	<u>219.55</u>
	<u>8,373.57</u>	<u>8,208.86</u>
SCHEDULE VIII - SALES		
Sale of Finished Goods		
— Exports	87,959.01	92,993.28
— Domestic	15,414.12	7,063.54
	<u>103,373.13</u>	<u>100,056.82</u>
Job Work Income	1,082.14	331.30
Sale of accessories, fabrics, etc.	3,498.18	6,486.14
	<u>107,953.45</u>	<u>106,874.26</u>
SCHEDULE IX - OTHER INCOME		
Export Incentives	5,630.28	7,615.35
Bank Interest [gross]	20.29	14.93
[Tax Deducted at Source Rs.2.03 lakhs (2010 : Rs. 1.58 lakhs)]		
Dividend on current investments [Non-trade]	75.60	114.59
Exchange gain (net)	1,451.31	551.56
Profit on sale of current investments	3.14	19.33
Profit on sale of fixed assets (net)	-	46.11
Miscellaneous Income (including claims)	691.57	831.60
	<u>7,872.19</u>	<u>9,193.47</u>

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

	<i>Amount in Rs Lakhs</i>	
	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE X - RAW MATERIAL CONSUMED		
Consumption of Raw Materials and Packing Materials	62,407.94	65,701.53
Add / (Less): Decrease / (Increase) in stocks		
Opening Stock		
— Finished Goods	8,572.37	8,765.55
— Work-in-progress	5,189.58	4,773.45
	<u>13,761.95</u>	<u>13,539.00</u>
Less : Closing Stock		
— Finished Goods	4,129.93	8,572.37
— Work-in-progress	6,249.92	5,189.58
	<u>10,379.85</u>	<u>13,761.95</u>
Decrease / (Increase) in stocks	3,382.10	(222.95)
	<u>65,790.04</u>	<u>65,478.58</u>
SCHEDULE XI - OTHER MANUFACTURING AND OPERATING EXPENSES		
Consumption of Consumables, Stores and Spares	1,584.85	1,553.11
Job Work Charges	29,125.02	24,829.17
Power and Fuel	1,322.86	1,200.92
Repairs and Maintenance - Plant and Machinery	606.93	465.47
Other Manufacturing Expenses	1,110.63	1,035.58
	<u>33,750.29</u>	<u>29,084.25</u>
SCHEDULE XII - PERSONNEL COSTS		
Salaries, Wages and Bonus	9,270.85	8,163.93
Contribution to Provident Fund and other Funds	687.49	574.71
Gratuity Expense	210.44	152.76
Welfare Expenses	242.47	180.48
	<u>10,411.25</u>	<u>9,071.88</u>

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

Amount in Rs Lakhs

	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE XIII - SELLING AND ADMINISTRATIVE EXPENSES		
Rent	899.17	675.57
Repairs and Maintenance		
— Buildings	50.53	53.48
— Others	570.73	460.68
Insurance	250.15	253.34
Rates and Taxes	88.42	73.15
Legal and Professional Charges	649.87	451.62
Printing and Stationery	176.02	203.38
Communication Costs	269.46	292.58
Travelling and Conveyance	249.88	395.03
Auditors' Remuneration [Refer Note C- 12 to Schedule XV]	33.50	33.00
Membership and Subscription	14.59	12.32
Brokerage and Commission	515.07	519.53
Clearing, Forwarding and Freight (net of recoveries)	1,092.58	859.95
Export Claims	186.49	396.26
Advertisement, Publicity and Business Promotion	81.40	82.73
Charity and Donation	14.53	0.94
Directors' Remuneration [Refer Note C- 11 to Schedule XV]	140.80	54.79
Irrecoverable balances written off [includes duty drawback of Rs. 1,250 lakhs (2010 : Rs. 25 lakhs)]	1,407.18	140.55
Bad Debts written off	178.22	612.82
Loss on Sale of Fixed Assets (net)	23.44	-
Miscellaneous Expenses	541.77	326.78
	7,433.80	5,898.50
SCHEDULE XIV - FINANCE CHARGES		
Bank Interest		
— On Fixed Loans*	236.18	315.38
— Others	2,993.26	2,760.68
Bank Charges	404.50	387.06
	3,633.94	3,463.12

* Interest is net of interest subsidy under Technology Upgradation Scheme Rs. 182.84 lakhs (2010 : Rs. 246.01 lakhs)

SCHEDULE XV - NOTES TO ACCOUNTS

(All amounts in Rs. Lakhs except otherwise stated)

A. Background

Gokaldas Exports Limited ('the Company') was incorporated on March 1, 2004 by converting the erstwhile partnership firm Gokaldas India under Part IX of the Companies Act, 1956. Pursuant to the order of the Hon'ble High Court of Karnataka dated November 20, 2004, Gokaldas Exports Private Limited and The Unique Creations (Bangalore) Private Limited have been amalgamated with the Company, with April 1, 2004 being the appointed date. The Company currently operates a 100% Export Oriented Unit, a Domestic Tariff Area Unit and a Special Economic Zone Unit.

The Company is engaged in the business of design, manufacture and sale of a wide range of garments for men, women and children and caters to the needs of several leading international fashion brands and retailers. The principal source of revenue for the Company is from export of garments and related products.

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 (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.

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) Hedge accounting

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currencies. The Company limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of forward cover derivatives. The Company enters into derivative contract for sale of US dollars, GBP and Euros, where the counterparty is a bank.

The Company has adopted principles of hedge accounting as set out in Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", to the extent that the adoption does not conflict with existing accounting standards and other authoritative pronouncements of Company Law and other regulatory requirements.

Based on the recognition and measurement principles of hedge accounting set out in AS 30, changes in the fair values of derivative financial instruments designated as cash flow hedges are recognized directly in reserves/ equity and are reclassified to the profit and loss account upon the occurrence of the hedged

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

transaction. Changes in fair value relating to derivatives not designated as hedges are recognized in the profit and loss account.

e) 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.

	Rate of depreciation (WDV)
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.

f) 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.

g) 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. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) 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 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 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.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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 Accounts

1. Contingent liabilities

Amount in Rs Lakhs

	2011	2010
Claims against the Company not acknowledged as debts	239.02	349.60
Guarantees given by banks	305.60	315.10
Outstanding letters of credit	1,049.44	364.37
Export Bills discounted with banks	14,153.84	13,849.46
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	320.71	470.66

2. Export Promotion Capital Goods Scheme

The Company has imported capital goods without payment of duty under Export Promotion Capital Goods ('EPCG') Scheme upto March 31, 2010. Under the EPCG scheme, the Company has export obligations of Rs. 1,483.59 lakhs (2010 : Rs. 840.41 lakhs) to be fulfilled before November 05, 2017.

3. Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on retirement or termination 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:

Net employee benefit expense (in Profit and Loss Account) :

Amount in Rs. Lakhs

	2011	2010
Current Service Cost	201.31	125.04
Interest cost on benefit obligation	20.67	16.71
Expected Return on Plan Assets	(14.97)	(13.65)
Actuarial loss / (gain)	3.43	24.66
Net benefit expense	210.44	152.76
Actual return on plan asset	16.51	16.33

Details of Provision for gratuity (in Balance Sheet)

Amount in Rs. Lakhs

	2011	2010
Defined benefit obligation	405.83	337.80
Fair value of plan asset	(157.11)	(233.62)
Plan liability / (asset)	248.72	104.18

Changes in the present value of the defined benefit obligation

Amount in Rs. Lakhs

	2011	2010
Opening defined benefit obligation	337.80	248.95
Current Service Cost	201.31	125.04
Interest Cost	20.67	16.71
Benefits Paid	(158.93)	(80.25)
Actuarial (gain)/loss	4.98	27.35
Closing defined benefit obligation	405.83	337.80

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

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

Amount in Rs. Lakhs

	2011	2010
Opening fair value of plan asset	233.62	123.91
Expected return	14.97	13.65
Actuarial gain/(loss)	1.54	2.68
Contributions by employer	65.91	173.63
Benefits Paid	(158.93)	(80.25)
Closing fair value of plan asset	157.11	233.62

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

	2011	2010
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 years	58 years

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.
- The Company expects to contribute Rs. 248.72 lakhs to gratuity in 2011-12.

Amounts for the current and previous years are as follows:

	2011	2010	2009	2008
Defined benefit obligation	(405.83)	(337.80)	(248.95)	(172.85)
Plan assets	157.11	233.62	123.91	2.16
Surplus / (deficit)	(248.72)	(104.18)	(125.04)	(170.69)

4. 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. Lakhs

Geographical Segment	Revenues	Carrying amount of segment assets (Debtors)
In India	19,994.44 (13,880.98)	2,060.18 (2,569.94)
Outside India	87,959.01 (92,993.28)	6,440.82 (7,111.34)
Total	107,953.45 (106,874.26)	8,501.00 (9,681.28)

Notes:

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

5. Related party disclosures

A. Names of related parties and description of relationship:

	Description of Relationship	Names of related parties
a.	<i>Parties where control exists:</i>	
	Immediate Holding Company	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited
	Ultimate Holding Company	Blackstone FP Capital Partners (Mauritius) V-B Limited
	Wholly Owned Subsidiaries	All Colour Garments Private Limited 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 Vignesh Apparels Private Limited
b.	<i>Key management personnel:</i>	
	Chairman	Mr. Madanlal J Hinduja (upto January 15, 2011)
	Managing Director	Mr. Rajendra J Hinduja (upto March 31, 2011)
	Executive Director	Mr. Dinesh J Hinduja (upto March 31, 2011)
	Chief Operating Officer – Production	Mr. Ashwin R Hinduja
	Chief Operating Officer – Marketing	Mr. Vivek M Hinduja (upto September 30, 2010)
	Chief Operating Officer – Marketing	Mr. Gaurav D Hinduja (upto May 31, 2010)
c.	<i>Enterprises over which key management personnel and their relatives exercise significant influence with whom transactions have taken place during the year</i>	
	Partnership Firm	Hinduja Trading Company DMR Enterprises Universal Garments
	Private Limited Companies	VAG Exports Private Limited

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

- 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. Lakhs

Nature of Transactions	Subsidiary Companies	Key Management Personnel	Others	Total
Sales/Other Income				
Sale of fabrics, accessories / ready made garments	224.01 (441.01)	Nil (Nil)	4,864.52 (Nil)	5,088.53 (441.01)
Expenses				
Job work charges	28,511.20 (24,366.99)	Nil (Nil)	Nil (Nil)	28,511.20 (24,366.99)
Material purchases	261.29 (192.78)	Nil (Nil)	Nil (Nil)	261.29 (192.78)
Rent expenses	Nil (Nil)	Nil (Nil)	28.48 (2.68)	Nil (Nil)
Remuneration	Nil (Nil)	254.00 (229.49)	Nil (Nil)	254.00 (229.49)
Reimbursement of Expenses	50.48 (122.10)	Nil (Nil)	Nil (Nil)	50.48 (122.10)
Security deposits				
Refund of security deposits received	Nil (Nil)	Nil (Nil)	Nil (10.00)	Nil (10.00)
Balances outstanding as at March 31, 2011				
— Current liabilities	1,554.53 (1,721.15)	9.40 (Nil)	0.20 (0.20)	1,564.13 (1,721.35)
— Loans and advances	108.48 (1,213.61)	Nil (Nil)	Nil (Nil)	108.48 (1,213.61)
— Security deposits	Nil (Nil)	Nil (Nil)	624.40 (624.40)	624.40 (624.40)

Note : Figures in brackets relate to previous year.

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

Amount in Rs. Lakhs

Sale of fabric, accessories/ready made garments	2011	2010
Subsidiary companies		
SNS Clothing Private Limited	224.01	441.01
	224.01	441.01
Enterprises over which key management personnel and their relatives exercise significant influence		
DMR Enterprises	4,864.52	-
	4,864.52	-

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

Amount in Rs. Lakhs

	2011	2010
Job work Charges		
Subsidiary companies		
Seven Hills Clothing Private Limited	5,542.77	5,047.65
Glamourwear Apparels Private Limited	3,970.23	3,682.15
Rishikesh Apparels Private Limited	3,851.80	3,496.75
Magenta Trading Private Limited	3,619.41	3,063.39
Others	11,526.99	9,077.05
	28,511.20	24,366.99
Material Purchases		
Subsidiary companies		
Reflexion Trading Private Limited	187.40	156.96
Rajdin Apparels Private Limited	-	15.40
SNS Clothing Private Limited	73.89	-
Others	-	20.42
	261.29	192.78
Rent Expense		
Enterprises over which key management personnel and their relatives exercise significant influence		
VAG Exports Private Limited	24.11	2.17
Others	4.37	0.51
	28.48	2.68
Remuneration		
Key Management Personnel		
Madanlal J Hinduja	38.00	16.47
Rajendra J Hinduja	48.00	16.51
Dinesh J Hinduja	48.00	16.51
Vivek M Hinduja	40.00	60.00
Ashwin R Hinduja	60.00	60.00
Gaurav D Hinduja	20.00	60.00
	254.00	229.49
Reimbursement of Expenses		
Subsidiary companies		
SNS Clothing Private Limited	50.48	107.25
Madhin Trading Private Limited	-	14.85
	50.48	122.10
Refund of security deposits received		
Enterprises over which key management personnel and their relatives exercise significant influence		
Hinduja Trading Company	-	10.00
	-	10.00

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

Amount in Rs. Lakhs

	2011	2010
Current Liabilities		
Subsidiary companies		
SNS Clothing Private Limited	680.94	1,249.12
All Colour Garments Private Limited	383.99	363.50
Deejay Trading Private Limited	167.04	-
Others	322.56	108.53
	1,554.53	1,721.15
Key Management Personnel		
Rajendra J Hinduja	2.89	-
Dinesh J Hinduja	2.89	-
Ashwin R Hinduja	3.62	-
	9.40	-
Enterprises over which key management personnel and their relatives exercise significant influence		
VAG Exports Private Limited	0.20	0.20
	0.20	0.20
Loans & Advances		
Subsidiary companies		
Seven Hills Clothing Private Limited	-	385.51
Rajdin Apparels Private Limited	-	261.73
Rishikesh Apparels Private Limited	-	235.27
Vignesh Apparels Private Limited	33.07	-
Reflexion Trading Private Limited	24.75	148.82
Magenta Apparels Private Limited	44.67	147.50
Others	5.99	34.78
	108.48	1,213.61
Enterprises over which key management personnel and their relatives exercise significant influence		
VAG Exports Private Limited (Security rental deposit)	319.00	319.00
Hinduja Trading Company (Security rental deposit)	305.20	305.20
Universal Garments (Security rental deposit)	0.20	0.20
	624.40	624.40

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

6. 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, which are usually cancellable at the option of the lessee, are for a total period ranging from eleven months to six years and are renewable with mutual consent. The charge on account of lease rentals for the year is Rs. 899.17 lakhs (2010 : Rs. 675.57 lakhs).

Future obligations of lease rentals for non cancellable period under respective lease agreements aggregate to Rs. 113.83 lakhs (2010 : Rs. 149.26 lakhs)

Amount in Rs. Lakhs

Period	2011	2010
Not later than one year	37.19	35.42
Later than one year and not later than five years	76.64	113.84
Later than five years	-	-
	113.83	149.26

7. Advances to subsidiaries, associates, etc.

Amount in Rs. Lakhs

Name of the company	2011		2010	
	Maximum balance outstanding during the year	Closing balance	Maximum balance outstanding during the year	Closing balance
Companies under the same management				
(i) Wholly owned subsidiaries :				
Deejay Trading Private Limited	234.58	-	95.35	-
Glamourwear Apparels Private Limited	406.34	-	458.68	-
Madhin Trading Private Limited	79.42	4.72	55.37	16.36
Magenta Trading Private Limited	490.42	44.67	285.56	147.50
Rafter Trading Private Limited	246.95	-	256.93	17.15
Rajdin Apparels Private Limited	387.32	-	416.94	261.73
Reflexion Trading Private Limited	246.51	24.75	276.16	148.82
Rishkesh Apparels Private Limited	551.11	-	436.83	235.27
Robot Systems Private Limited	1.27	1.27	1.27	1.27
Seven Hills Clothing Private Limited	690.65	-	900.77	385.51
Vignesh Apparels -Private Limited	125.10	33.07	18.88	-
		108.48		1,213.61
(i) Other enterprises :				
VAG Exports Private Limited	319.00	319.00	319.00	319.00
Other Associate concerns :				
Hinduja Trading Company	315.20	305.20	315.20	305.20
Universal Garments	0.20	0.20	0.20	0.20
		305.40		305.40
Total		752.88		1,858.01

The above advances are in the nature of advances for supplies / services or rental deposits as per respective lease agreements.

8. Earnings per share

Amount in Rs. Lakhs (except Nominal value & Earning per share)

Particulars	2011	2010
(A) Net profit / (loss) for the year as per profit and loss account		
- after tax before extraordinary items	(8,276.94)	(193.23)
- after tax and extraordinary items	(8,808.10)	(193.23)
(B) Weighted average number of equity shares (Nos.)	34,376,000	34,376,000
(C) Nominal value per share (Rs.)	5.00	5.00
(D) Earnings per share (Rs.) – Basic and diluted		
- before extraordinary items	(24.08)	(0.56)
- after extraordinary items	(25.62)	(0.56)

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

9. Detail of investments in units of mutual funds purchased and sold during the year:

Fund	Scheme	Opening balance Units (Nos)	Purchased Units (Nos)	Reinvested Units (Nos)	Sale Units (Nos)	Closing balance Units (Nos)	Nominal Value of each Unit (Rs.)
Birla Sunlife Mutual Funds	BSL Retail Plan	-	9,428,979	109,140	9,538,119	-	10
	BSL Medium term plan	9,670,896	-	133,524	9,804,420	-	10
Franklin Templeton Investments	Templeton India Short Term Income Retail Plan	113,347	10,656	3,180	92,896	34,287	1000
Fidelity Mutual Funds	Fidelity Short Term Income Fund	-	9,920,000	165,636	-	10,085,636	10
Total		9,784,243	1,9359,635	411,480	19,435,435	10,119,923	

10. Deferred taxes - components of asset / (liability):

Amount in Rs. Lakhs

Particulars	2011	2010
Difference between carrying amount of Fixed Assets in Financial Statements and Income Tax returns	(1,244.72)	(876.83)
Unabsorbed depreciation & business losses (to the extent of reversal of Deferred Tax liability)	1,244.72	420.04
Net Deferred Tax Asset/ (Liability)	-	(456.79)

11. Remuneration to directors

Amount in Rs. Lakhs

Particulars	2011	2010
Managing Director and other Whole-time Directors		
Salaries	134.00	49.49
Non Whole-time Directors		
Sitting fees	6.80	5.30
Total	140.80	54.79

Note: The above figures do not include provisions for encashable leave and gratuity as actuarial valuation is done for Company as a whole.

12. Auditors' remuneration (excluding service tax and out of pocket expenses)

Amount in Rs. Lakhs

Particulars	2011	2010
Audit fees	32.00	32.00
In other capacity: Taxation matters	1.50	1.00
Total	33.50	33.00

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

13. 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	Pcs	6,928,014	4,828,953
- Through Job workers workers & other		22,023,306	23,839,047

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

b. Sales

Amount in Rs. Lakhs

Products	Unit	2011		2010	
		Quantity	Amount	Quantity	Amount
Readymade garments					
- Manufactured	Pcs	29,944,029	103,373.13	28,596,785	100,056.82
- Accessories, Fabrics, etc			3,498.18		6,486.14
Total			106,871.31		106,542.96

*Quantitative information for others is not provided as this comprises numerous items.

c. Stock of finished goods

Amount in Rs. Lakhs

Products	Unit	2011		2010	
		Quantity	Amount	Quantity	Amount
Manufactured					
- Readymade garments*	Pcs	1,742,358	4,129.93	2,749,233	8,572.37
Total		1,742,358	4,129.93	2,749,233	8,572.37

* includes goods in transit of Rs. Nil (2010: Rs. 45.09 lakhs)

d. Raw materials (including packing materials) consumed

Amount in Rs. Lakhs

Products	Unit	2011		2010	
		Quantity	Amount	Quantity	Amount
Cloth	Mtr	42,022,566	40,926.58	41,845,679	45,867.07
Accessories			16,208.09		14,829.03
Others			5,273.27		5,005.43
Total			62,407.94		65,701.53

Notes:

- The above consumption figures are shown after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.
- Quantitative information for accessories/ others is not provided as this comprises numerous items.

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

e. CIF value of imports

Amount in Rs. Lakhs

Particulars	2011	2010
Capital goods	1,014.81	311.53
Raw materials and accessories	16,556.43	15,310.58
Stores and spares	11.97	72.34
Total	17,583.21	15,694.45

f. Expenditure in foreign currency on accrual basis

Amount in Rs. Lakhs

Particulars	2011	2010
Travel expenses	36.18	72.17
Brokerage and commission	98.50	221.54
Export claims	185.09	396.26
Salaries	-	24.47
Others	60.86	74.75
Total	380.63	789.19

g. Imported and indigenous raw materials, stores and spare parts consumed

Amount in Rs. Lakhs

Particulars	2011		2010	
	Amount	%	Amount	%
<i>Raw Materials Consumption</i>				
Imported	16,099.32	25.79	16,689.61	25.40
Indigenous	46,308.64	74.21	49,011.92	74.60
	62,407.94	100.00	65,701.53	100.00
<i>Consumables, Stores and Spares</i>				
Imported	11.97	0.76	72.35	4.66
Indigenous	1,572.88	99.24	1,480.76	95.34
	1,584.85	100.00	1,553.11	100.00

h. Earnings in foreign currency

Amount in Rs. Lakhs

Particulars	2011	2010
FOB value of exports	87,959.01	92,993.28
Freight and insurance recoveries	1,921.03	2,423.21
	89,880.04	95,416.49

i. Information in respect of amounts remitted during the year in foreign currencies in respect of dividends:

Amount in Rs. Lakhs

Particulars	2011	2010
Number of non-resident shareholders on record date	130	152
Number of shares held by such shareholders	23,491,014	23,488,331
Amount remitted during the year as dividend (Rs.)	-	-
Financial year to which the dividend relates	-	-

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

14. Disclosure of dues / payments to micro and small enterprises to the extent such enterprises are identified by the company:

Amount in Rs. Lakhs

	2011	2010
(i) The principal amount due thereon remaining unpaid on March 31, 2011	12.42	22.80
Interest amount due and remaining unpaid on March 31, 2011	-	4.69
(ii) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	4.69
(iv) The amount of interest accrued and remaining unpaid on March 31, 2011 in respect of principal amount settled during the year	-	4.69
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	4.69

15. Derivative contracts / instruments

Particulars of Derivative contracts	Purpose
Forward contract outstanding as at Balance Sheet Date	
Sell	
USD 27,800,000	Hedge of expected future sales
EUR 4,150,000	Hedge of expected future sales
GBP 120,000	Hedge of expected future sales

16. Exchange difference loss / (gain)

Amount in Rs. Lakhs

Particulars	2011	2010
Pre-shipment Packing Credit	(342.33)	(332.19)
Post-shipment Credit	195.20	(761.22)
Forward Contracts and Options	(1,184.83)	(746.41)
Foreign Currency Receivables	(105.44)	1,319.77
Foreign Currency Payables	(13.91)	(31.51)
	(1,451.31)	(551.56)

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

17. As of the Balance Sheet date, the Company's foreign currency exposure is as under:

Particulars	2011		2010	
	Amount in foreign currency	Amount in Rs. lakhs	Amount in foreign currency	Amount in Rs. lakhs
Bank balances – USD	28,841	12.89	60,794	27.44
Debtors – USD*	11,981,741	5,355.84	13,704,534	6,184.86
Debtors – EUR*	1,622,557	1,024.82	1,298,962	785.83
Debtors – GBP*	83,672	60.16	206,691	140.65
Loans and advances – USD	1,688,715	754.63	1,656,220	747.45
Loans and advances – EUR	22,663	14.31	120,362	72.82
Loans and advances – GBP	362	0.26	7,777	5.29
Pre-shipment credit – USD	(20,206,243)	(9,147.18)	-	-
Creditors – USD	(2,560,533)	(1,159.13)	(1,236,976)	(558.37)
Creditors – EUR	(56,007)	(35.24)	-	-
Creditors – GBP	(96,750)	(69.59)	-	-
Advances received from customers – USD	(140,259)	(63.59)	(68,888)	(31.09)
Advances received from customers – EUR	(81,545)	(51.31)	-	-

* net of export bills discounted

18. On April 16, 2010, there was a fire in one of the raw material warehouses of the Company in Bangalore and materials valued at Rs. 3,766.49 lakhs were fully destroyed. The Insurance claim has been settled during the year and the Company has received Rs. 3,235.33 lakhs in full settlement of the claim. The difference between the amount claimed and settled, being Rs. 531.16 lakhs has been charged off as extraordinary item in the profit and loss account in the current year.

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

As per our report of even date

Signatories to Schedule I to XV

For Girish Murthy & Kumar
Firm Registration No: 000934S
Chartered Accountants

For S.R. Batliboi & Co.
Firm Registration No: 301003E
Chartered Accountants

For and on behalf of Board

Gautam Chakravarti
Director & Chief Executive Officer

per A.V. Satish Kumar
Partner
Membership No.: F- 26526

per Navin Agrawal
Partner
Membership No.: 56102

Richard B Saldanha
Chairman

Bengaluru
Date: May 25, 2011

Zurich
Date: May 25, 2011

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary

Bengaluru
Date: May 25, 2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956

I. Registration Details

Registration No. 3 3 4 7 5

State code: 0 8

Balance Sheet Date 3 1 0 3 2 0 1 1

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue
 N I L

Bonus Issue
 N I L

Right Issue
 N I L

Private Placement
 N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Sources of Funds
Total Liabilities
 6 8 5 9 1 1 9

Total Assets
 6 8 5 9 1 1 9

Paid-up Capital
 1 7 1 8 8 0

Reserves & Surplus
 3 5 2 1 4 9 6

Secured Loans
 3 1 6 5 7 4 3

Unsecured Loans
 N I L

Application of Funds
Deferred tax liability (Net)
 N I L

Net Fixed Assets
including capital work in progress
 2 3 2 3 0 8 7

Investments
 4 8 8 4 6 8

Net Current Assets
 4 0 4 7 5 6 4

Miscellaneous Expenditure
 N I L

Accumulated Losses
 N I L

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Total income)
 1 1 5 8 2 5 6 4

Total Expenditure
 1 2 4 5 3 3 1 8

+ - Profit/Loss before tax
 (8 7 0 7 5 4)

+ - Profit/Loss after tax
 (8 8 0 8 1 0)

(Please tick appropriate box + for Profit - for Loss)

Earnings per share in Rs. (on profit after taxes)
 (2 5 . 6 2)

Dividend rate %
 N I L

V. Generic Names of Principal Products of the Company (as per monetary terms)

Item Code No. (ITC Code) x x 6 2 0 1 1 2

Product Description J A C K E T S

x x 6 2 0 5 2 0

S H I R T S

x x 6 2 0 6 3 0

B L O U S E S

For and on behalf of the board

Gautam Chakravarti
Director & CEO

Richard B Saldanha
Chairman

Sumit Keshan
CFO

Bangalore : May 25, 2011

N Sri Sai Kumar
Company Secretary

ANNEXURE TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956

Amount in Lakhs

Name of the Company	All Colour Garments Pvt., Ltd.	Deejay Trading Pvt., Ltd.	Glamourwear Apparels Pvt., Ltd.	Madhin Trading Pvt., Ltd.	Magenta Trading Pvt., Ltd.	Rafter Trading Pvt., Ltd.	Rajdin Trading Pvt., Ltd.	Reflexion Trading Pvt., Ltd.	Rishikesh Trading Pvt., Ltd.	Seven Hills Clothing Pvt., Ltd.	SNS Clothing Pvt., Ltd.	Vignesh Apparels Pvt., Ltd.	Robot Systems Pvt., Ltd.
Financial Year ending	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011
Share of the subsidiary held by the Company on the above date													
a) Number of shares and Face value	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	10000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	20000 Eq. shares of Rs.10/- each	12000 Eq. shares of Rs.100/- each
b) Extent of holding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Net aggregate amount of profit/(loss) of subsidiary for the above financial year so far as they concern members of the Company													
a) dealt within the accounts of the company for the ended 31 st March 2011	-	(3.55)	(7.31)	(13.37)	(23.52)	(5.13)	(6.42)	(6.31)	(12.66)	(8.09)	(96.24)	(12.11)	(0.14)
b) not dealt within the accounts of the company for the ended 31 st March 2011	(4.31)												
Net aggregate amount of profit/(loss) for previous financial years of the subsidiary, since it became subsidiary so far as they concern members of the Company													
a) dealt within the accounts of the company for the ended 31 st March 2011	-	-	-	-	-	-	-	-	-	-	-	-	-
b) not dealt within the accounts of the company for the ended 31 st March 2011	17.82	21.9	26.04	(12.05)	1.39	14.41	19.89	8.99	10.79	3.72	(208.61)	12.56	(33.06)

ANNEXURE TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT 1956 (contd.)

Subsidiary	Amount in Lakhs										
	Issued & subscribed share capital	Reserves	Loans	Total Assets	Total Liabilities	Investments	Turnover	Profit/loss before taxation	Provision for taxation	Profit/Loss after taxation	Proposed dividend
All Colour Garments Private Limited	2.00	351.71	0.00	353.71	353.71	0.00	1299.60	0.12	4.43	(4.31)	0
Deejay Trading Private Limited	2.00	102.10	0.00	111.03	111.03	0.01	1991.90	(3.14)	0.41	(3.55)	0
Glamourwear Apparels Private Limited	2.00	128.02	0.00	130.02	130.02	0.09	3970.22	0.10	7.41	(7.31)	0
Madhin Trading Private Limited	2.00	51.92	0.00	53.92	53.92	0.01	532.98	(3.63)	9.75	(13.38)	0
Magenta Trading Private Limited	2.00	68.80	95.00	165.80	165.80	0.03	3619.41	(13.81)	9.71	(23.52)	0
Rafter Trading Private Limited	2.00	49.12	0.00	53.77	53.77	0.00	2737.68	(2.39)	2.74	(5.13)	0
Rajdin Apparels Private Limited	2.00	188.79	155.00	345.79	345.79	0.34	2276.12	0.11	6.53	(6.42)	0
Reflexion Trading Private Limited	1.00	9.00	130.00	140.18	140.18	0.03	1375.67	0.16	6.47	(6.31)	0
Rishikesh Apparels Private Limited	2.00	76.67	145.00	225.39	225.39	0.00	3861.22	(3.01)	9.65	(12.66)	0
Seven Hills Clothing Private Limited	2.00	309.62	155.00	469.87	469.87	0.02	5542.77	0.70	8.02	(8.09)	0
SNS Clothing Private Limited	2.00	1567.60	0.00	1569.60	1569.60	0.02	946.35	(69.09)	27.15	(96.24)	0
Vignesh Apparels Private Limited	2.00	91.45	0.00	93.45	93.45	0.08	1070.99	(8.90)	3.21	(12.11)	0
Robot Systems Private Limited	12.00	25.65	0.00	37.65	37.65	0.00	0.00	(0.14)	0.00	(0.14)	0

For and on behalf of the Board

Bangalore
May 27, 2011

Gautam Chakravarti
Director & CEO

Richard B Saldanha
Chairman

Sumit Keshan
CFO

N Sri Sai Kumar
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2011

GOKALDAS EXPORTS LIMITED

AUDITORS' REPORT

To,

The Board of Directors of Gokaldas Exports Limited

1. We, Girish Murthy and Kumar and S.R. Batliboi & Co., have audited the attached Consolidated Balance Sheet of Gokaldas Exports Limited ('the Company') and its subsidiaries (collectively called 'Gokaldas Group') as at March 31, 2011 and also the Consolidated Profit and Loss account for the year ended March 31, 2011 and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our 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.
3. We did not jointly audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 385,267,779 as at March 31, 2011; total revenues of Rs. 842,681,952; total expenditure of Rs. 849,868,708 and cash outflows, net amounting to Rs. 19,096,590 for the year then ended. These financial statements and other financial information have been audited solely by Girish Murthy and Kumar on which, S.R. Batliboi & Co. has placed reliance for the purpose of this report.
4. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 432,842,713 as at 31st March 2011; total revenues of Rs. 2,086,939,385; total expenditure of Rs. 2,090,184,047 and cash outflows, net amounting to Rs. 24,183,305 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements notified by Companies (Accounting Standard) rules, 2006,(as amended).
6. Based on our audit and on consideration of reports of other auditors on separate financial statement and on other financial information of the subsidiaries, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) in the case of Consolidated Balance Sheet, of the state of affairs of the Gokaldas Group as at March 31, 2011;
 - b) in the case of Consolidated Profit and Loss account, of the loss for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

for Girish Murthy & Kumar

Firm Registration Number: 0009345
Chartered Accountants

per A.V. Satish Kumar

Partner
Membership No. F-26526

Bengaluru
Dated : May 25, 2011

for S.R. Batliboi & Co.

Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal

Partner
Membership No. 56102

Zurich
Dated : May 25, 2011

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011

Amount in Rs. Lakhs

	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	1,718.80	1,718.80
Reserves and Surplus	II	35,115.68	44,392.94
Loan Funds			
Secured Loans	III	31,657.43	34,489.91
Deferred Tax Liability (net)		14.73	442.88
[Refer Note C-8 of Schedule XV]			
Total		68,506.64	81,044.53
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	IV	48,669.67	45,817.53
Less: Accumulated Depreciation		23,472.12	19,922.33
Net Block		25,197.55	25,895.20
Capital work-in-progress including capital advances		573.16	278.08
		25,770.71	26,173.28
Investments	V	1,463.90	2,188.65
Current Assets, Loans and Advances			
Inventories	VI	29,121.37	37,256.38
Sundry Debtors		8,539.99	9,802.90
Cash and Bank Balances		3,036.98	2,881.76
Other Current Assets		3,790.62	5,184.80
Loans and Advances		7,972.73	7,797.17
		52,461.69	62,923.01
Less: Current Liabilities and Provisions	VII		
Current Liabilities		10,049.21	9,670.62
Provisions		1,140.45	569.79
		11,189.66	10,240.41
Net Current Assets		41,272.03	52,682.60
Total		68,506.64	81,044.53
Notes to Accounts	XV		

Schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526
Bengaluru
Dated : May 25, 2011

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102
Zurich
Dated : May 25, 2011

For and on behalf of the Board

Gautam Chakravarti
Director & Chief Executive Officer

Richard B Saldanha
Chairman

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 25, 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Amount in Rs. Lakhs

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Sales	VIII	108,187.94	107,239.47
Other Income	IX	7,910.26	9,250.00
		116,098.20	116,489.47
EXPENDITURE			
Raw Materials Consumed	X	65,704.81	65,569.89
Other Manufacturing and Operating Expenses	XI	7,033.73	6,111.26
Personnel Costs	XII	34,418.90	30,158.78
Selling and Administrative Expenses	XIII	10,224.63	7,569.73
Finance Charges	XIV	3,639.08	3,473.81
Depreciation	IV	3,888.90	3,994.17
		124,910.05	116,877.64
Profit / (Loss) Before Tax		(8,811.85)	(388.17)
Less: Provision for Taxation			
-- Current Tax		0.64	60.60
-- Minimum Alternate Tax Credit Entitlement		(0.07)	-
-- Taxes of earlier years (net)		91.84	13.87
-- Deferred Tax charge / (credit)		(428.15)	(280.37)
		(335.74)	(205.90)
Profit / (Loss) After tax before Extraordinary item		(8,476.11)	(182.27)
Less : Extraordinary item [Refer Note C-14 of Schedule XV]		(531.16)	-
Net Profit / (Loss)		(9,007.27)	(182.27)
Profit Brought Forward from Previous Year		17,976.28	18,158.55
Balance carried to Balance Sheet		8,969.01	17,976.28
Basic / Diluted Earnings Per Share (Rs.), face value Rs. 5 each			
[Refer Note C-7 of Schedule XV]			
- Before extraordinary item		(24.66)	(0.53)
- After extraordinary item		(26.20)	(0.53)
Notes to Accounts	XV		

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

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526
Bengaluru
Dated : May 25, 2011

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102
Zurich
Dated : May 25, 2011

For and on behalf of the Board

Gautam Chakravarti
Director & Chief Executive Officer

Richard B Saldanha
Chairman

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 25, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Amount in Rs. Lakhs

PARTICULARS	For the year ended March 31, 2011	For the year ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit/ (loss) before taxation and exceptional items	(8,811.85)	(388.17)
Adjustments for:		
Depreciation	3,888.90	3,994.17
Interest expense	3,229.44	3,076.06
Interest earned	(20.29)	(14.93)
(Profit)/Loss on sale of assets (net)	20.56	(47.04)
(Profit)/loss on sale of investments	(3.14)	(19.33)
Dividend on investments	(75.60)	(114.59)
Foreign exchange gain (net)	(342.33)	(332.19)
Operating Profit / (Loss) before working capital changes	(2,114.31)	6,153.98
Movements in Working Capital :		
(Increase)/Decrease in Sundry Debtors, Loans and Advances, other Current Assets	2,365.40	(3,976.57)
(Increase)/Decrease in Inventories	8,135.01	6,140.45
Increase/(Decrease) in Current Liabilities and Provisions	927.94	283.03
Cash Generated from Operations	9,314.04	8,600.89
Direct taxes paid (net of refunds)	(260.03)	(359.31)
Net Cash Flow from Operating Activities before Extraordinary item	9,054.01	8,241.58
Extraordinary item - [Refer Note C-14 of Schedule XV]	(531.16)	-
Net Cash Flow from Operating Activities after Extraordinary item	8,522.85	8,241.58
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	19.61	12.96
Purchase of fixed assets	(3,652.54)	(1,888.50)
Proceeds on sale of fixed assets	166.97	160.08
Dividends received	75.60	114.59
Purchase of investments	(2,253.69)	(5,075.14)
Proceeds from sale of investments	2,981.58	4,953.05
Net Cash Flow from / (used in) Investing Activities	(2,662.47)	(1,722.96)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Packing Credit	32,448.53	6,222.48
Repayment of Packing Credit	(33,498.36)	(6,589.22)
Repayment of Term Loans	(1,778.27)	(1,437.11)
Exchange difference (net)	342.33	332.19
Interest Paid	(3,233.82)	(3,077.07)
Net Cash Flow from / (used in) Financing Activities	(5,719.59)	(4,548.73)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

Amount in Rs. Lakhs

PARTICULARS	For the year ended March 31, 2011	For the year ended March 31, 2010
D. Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	140.79	1,969.89
E. Opening Balance of Cash & Cash Equivalents	2,603.25	633.36
F. Closing Balance of Cash & Cash Equivalents	<u>2,744.04</u>	<u>2,603.25</u>
Components of Cash and Cash Equivalents		
Cash on hand	161.23	275.29
Bank Balances with Scheduled Banks:		
— in Current Accounts	2,568.83	2,299.45
— in EEFC Accounts	12.89	27.44
— in Deposit Accounts	292.94	278.51
— in Unpaid Dividend Accounts	1.09	1.07
	<u>3,036.98</u>	<u>2,881.76</u>
Less: Balance in Deposit Accounts	292.94	278.51
	<u>2,744.04</u>	<u>2,603.25</u>

Note :

Cash and cash equivalents include restricted for use balances amounting to Rs. 1.09 lakhs (2010 : Rs. 1.07 lakhs).

As per our report of even date

for Girish Murthy & Kumar
Firm Registration Number: 000934S
Chartered Accountants

per A.V. Satish Kumar
Partner
Membership No. F-26526

Bengaluru
Dated : May 25, 2011

for S.R. Batliboi & Co.
Firm Registration Number: 301003E
Chartered Accountants

per Navin Agrawal
Partner
Membership No. 56102

Zurich
Dated : May 25, 2011

For and on behalf of the Board

Gautam Chakravarti
Director & Chief Executive Officer

Richard B Saldanha
Chairman

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary
Bengaluru
Dated : May 25, 2011

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

Amount in Rs. Lakhs

	As at March 31, 2011	As at March 31, 2010
SCHEDULE I - SHARE CAPITAL		
Authorized		
4,00,00,000 (2010 : 4,00,00,000) Equity Shares of Rs. 5 each	2,000.00	2,000.00
Issued, Subscribed and Paid-up		
3,43,76,000 (2010 : 3,43,76,000) Equity Shares of Rs.5 each fully paid-up	1,718.80	1,718.80
	1,718.80	1,718.80
Of the above:		
i. 2,34,69,242 (2010 : 2,34,69,242) equity shares of Rs.5 each are held by Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited, the Holding Company.		
ii. 71,26,000 (2010 : 71,26,000) equity shares of Rs. 5 each have been allotted as fully paid-up pursuant to a scheme of amalgamation without payment being received in cash.		
SCHEDULE II - RESERVES AND SURPLUS		
Capital Reserve (on amalgamation) as per last account	9,769.12	9,769.12
Securities Premium Account as per last account	13,721.31	13,721.31
General Reserve as per last account	2,192.09	2,192.09
Hedge Reserve account		
Balance as per last account	734.15	(1,174.40)
Less: Reclassified to Profit and Loss account	(734.15)	1,174.40
Add: Unrealised gain/(loss) on designated derivative contracts	464.15	734.15
	464.15	734.15
Profit and Loss Account balance	8,969.01	17,976.28
	35,115.68	44,392.95
SCHEDULE III - SECURED LOANS		
Packing Credit Loan from Banks	29,188.21	30,238.04
[includes Rs. 9,147.18 lakhs (2010 : Rs. Nil) in foreign currency] [Secured by hypothecation of raw materials, finished goods & book debts]		
Term Loan from Banks (Under Technology Upgradation Fund Scheme) [Secured by hypothecation of specific fixed assets purchased]	2,454.00	4,232.27
Interest accrued and due	15.22	19.60
	31,657.43	34,489.91

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

SCHEDULE - IV Fixed Assets

Amount in Rs. Lakhs

Particulars	Gross Block			Depreciation			Net Block		
	As At April 1, 2010	Additions During the year	Sale/Deletion during the Year	As At March 31, 2011	As At April 1, 2011	For The Year	Deduction for Sale/Deletion	As At March 31, 2011	As At March 31, 2010
Goodwill on Consolidation	314.79	-	-	314.79	-	-	-	314.79	314.79
Land	1,331.07	-	-	1,331.07	-	-	-	1,331.07	1,331.07
Buildings	7,798.54	314.60	-	8,113.14	2,290.80	573.03	-	5,249.31	5,507.74
Leasehold Improvements	802.18	289.36	-	1,091.54	343.44	274.05	-	474.05	458.74
Plant & Machinery	28,188.84	2,046.82	300.03	29,935.63	13,699.50	2,130.52	204.69	14,310.30	14,489.34
Electrical Equipments	1,996.22	82.36	-	2,078.58	877.12	160.39	-	1,037.51	1,119.10
Furniture & Fixtures	2,427.88	239.29	91.05	2,576.12	1,239.97	248.59	24.08	1,111.64	1,187.91
Office Equipments	467.10	23.03	-	490.13	206.62	37.40	-	246.11	260.48
Computers (including software)	1,229.95	281.32	-	1,511.27	885.38	178.39	-	1,063.77	344.57
Vehicles	566.32	101.99	135.56	532.75	379.50	54.98	110.34	208.61	186.82
	45,122.89	3,378.77	526.64	47,975.02	19,922.33	3,657.35	339.11	23,240.57	25,200.56
Intangible Assets	694.64	-	-	694.64	-	231.55	-	463.09	694.64
Grand Total	45,817.53	3,378.77	526.64	48,669.66	19,922.33	3,888.90	339.11	25,197.54	25,895.20
Previous Year	42,835.02	3,492.24	509.73	45,817.53	16,324.86	3,994.17	396.70	19,922.33	25,895.20

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

Amount in Rs. Lakhs

	As at March 31, 2011	As at March 31, 2010
SCHEDULE V - INVESTMENTS		
A. Long-term Investments [at cost] [unquoted]		
In Government Securities [Non-trade]		
Indira Vikas Pathra	0.12	0.12
National Savings Certificate	0.92	0.92
	<u>1.04</u>	<u>1.04</u>
B. Current Investments [unquoted, at lower of cost and fair value] [Non-trade]		
In Mutual Funds		
Templeton India Short Term Income Retail Plan 34,287 (2010 : 1,13,347) units of Rs. 1,000 each	454.27	1,217.62
Birla Sunlife Medium Term Plan Nil (2010 : 96,70,896) units of Rs. 10 each	-	969.99
Fidelity Short Term Income Fund 1,00,85,636 (2010 : Nil) units of Rs. 10 each	1,008.59	-
	<u>1,462.86</u>	<u>2,187.61</u>
	<u>1,463.90</u>	<u>2,188.65</u>

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

Amount in Rs. Lakhs

	As at March 31, 2011	As at March 31, 2010
SCHEDULE VI - CURRENT ASSETS, LOANS AND ADVANCES		
Inventories		
(at lower of cost and net realisable value)		
Raw Materials and Packing Materials [includes Material in Transit Rs.361.55 lakhs (2010: Rs. 190.93 lakhs)]	18,294.91	23,091.19
Consumable Stores and Spares Parts	353.04	282.93
Finished Goods [includes Material in Transit Rs Nil (2010 : 45.09lakhs)]	4,223.50	8,692.68
Work-in-progress	6,249.92	5,189.58
	<u>29,121.37</u>	<u>37,256.38</u>
Sundry Debtors		
[Unsecured, considered good]		
Debts outstanding for a period exceeding six months	372.92	868.41
Others debts	8,167.06	8,934.49
	<u>8,539.98</u>	<u>9,802.90</u>
Cash and Bank Balances		
Cash on hand	161.23	275.29
Bank Balances with Scheduled Banks:		
— in Current Accounts	2,568.83	2,299.45
— in EEFC Accounts	12.89	27.44
— in Deposit Accounts	292.94	278.51
— in Unpaid Dividend Accounts	1.09	1.07
	<u>3,036.98</u>	<u>2,881.76</u>
Other Current Assets		
[Unsecured, considered good]		
Interest accrued on bank deposits	12.21	11.53
Export Incentives receivable	3,778.41	5,173.27
	<u>3,790.62</u>	<u>5,184.80</u>
Loans and Advances		
[Unsecured, considered good]		
Advances recoverable in cash or kind or for value to be received	2,017.57	2,115.35
Balances with customs, excise and other authorities	430.26	441.79
Security & other deposits	3,187.53	2,920.26
Claims receivable	553.13	703.08
Advance Tax [net of provision Rs. 1,357.56 lakhs (2010 : Rs. 1,265.08 lakhs)]	1,743.85	1,576.37
Minimum Alternate Tax Credit Entitlement	40.39	40.32
	<u>7,972.73</u>	<u>7,797.17</u>
	<u>52,461.68</u>	<u>62,923.01</u>

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

Amount in Rs. Lakhs

	As at March 31, 2011	As at March 31, 2010
SCHEDULE VII - CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	8,997.24	9,203.61
Advances from Customers	226.38	127.35
Unclaimed Dividends (to be transferred to IEPF as and when due)	1.09	1.07
Book Overdraft	111.96	92.75
Other Liabilities	712.54	245.84
	10,049.21	9,670.62
Provisions		
Gratuity	648.32	211.64
Leave Benefits	492.13	358.15
	1,140.45	569.79
	11,189.66	10,240.41
SCHEDULE VIII - SALES		
Sale of Finished Goods		
— Exports	87,959.01	92,993.28
— Domestic	15,614.16	7,400.10
	103,573.17	100,393.38
Job Work Income	1,116.59	359.95
Sale of accessories, fabrics, etc.	3,498.18	6,486.14
	108,187.94	107,239.47
SCHEDULE IX - OTHER INCOME		
Export Incentives	5,630.28	7,615.35
Bank Interest [gross]	20.29	14.93
[Tax Deducted at Source Rs. 2.03 lakhs (2010 : Rs. 1.58 lakhs)]		
Dividend on current investments [Non-trade]	75.60	114.59
Exchange gain (net)	1,450.87	551.56
Profit on sale of fixed assets (net)	-	47.04
Profit on sale of current investments	3.14	19.33
Prior Period Income (net)	0.45	15.22
Miscellaneous Income	729.63	871.98
	7,910.26	9,250.00
SCHEDULE X - RAW MATERIAL CONSUMED		
Consumption of Raw Materials and Packing Materials	62,295.97	65,709.67
Add / (Less): Decrease / (Increase) in stocks		
Opening Stock		
Finished Goods	8,692.68	8,969.03
Work-in-progress	5,189.58	4,773.45
	13,882.26	13,742.48
Less : Closing Stock		
Finished Goods	4,223.50	8,692.68
Work-in-progress	6,249.92	5,189.58
	10,473.42	13,882.26
Decrease / (Increase) in stocks	3,408.84	(139.78)
	65,704.81	65,569.89

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

Amount in Rs. Lakhs

	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE XI - OTHER MANUFACTURING AND OPERATING EXPENSES		
Consumption of Consumables, Stores and Spares	1,605.68	1,567.57
Job Work Charges	945.94	508.46
Power and Fuel	2,295.55	2,091.33
Repairs and Maintenance - Plant and Machinery	826.42	700.01
Other Manufacturing Expenses	1,360.14	1,243.89
	7,033.73	6,111.26
SCHEDULE XII - PERSONNEL COSTS		
Salaries, Wages and Bonus	29,922.61	26,606.68
Contribution to Provident Fund and other Funds	3,114.94	2,671.04
Gratuity expense	618.71	266.56
Welfare Expenses	762.64	614.50
	34,418.90	30,158.78
SCHEDULE XIII - SELLING AND ADMINISTRATIVE EXPENSES		
Rent	2,464.02	1,396.68
Repairs and Maintenance		
— Buildings	221.93	146.02
— Others	923.31	731.02
Insurance	253.17	272.04
Rates and Taxes	138.48	97.02
Legal and Professional Charges	851.10	660.10
Printing and Stationery	186.43	215.00
Communication Costs	285.19	309.31
Travelling and Conveyance	317.09	446.12
Auditors' Remuneration [Refer Note C- 10 to Schedule XV]	39.36	38.76
Membership and Subscription	14.59	12.64
Brokerage and Commission	517.69	520.19
Clearing, Forwarding and Freight (net of recoveries)	1,092.58	859.95
Export Claims	186.49	396.26
Advertisement, Publicity and Business Promotion	81.51	82.73
Charity and Donation	15.02	1.59
Directors' Remuneration	140.80	54.79
[Refer Note C - 9 to Schedule XV]		
Loss on Sale of Fixed Assets (net)	20.56	-
Irrecoverable balances written off	1,469.76	155.75
[includes duty drawback of Rs. 1,250 lakhs (2010 : Rs. 25 lakhs)]		
Bad Debts written off	178.22	612.82
Miscellaneous Expenses	827.33	560.94
	10,224.63	7,569.73
SCHEDULE XIV - FINANCE CHARGES		
Bank Interest		
— On Fixed Loans*	236.18	315.38
— Others	2,993.26	2,760.68
Bank Charges	409.64	397.75
	3,639.08	3,473.81

* Interest is net of interest subsidy under Technology Upgradation Scheme Rs. 182.84 lakhs (2010 :Rs. 246.01 lakhs)

NOTES TO ACCOUNTS

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

SCHEDULE XV - NOTES TO ACCOUNTS

A. Background

Gokaldas Exports Limited ('the Company' or 'Gokaldas') and its subsidiaries (hereinafter collectively referred to as "the Group") is engaged in the business of design, manufacture and sale of a wide range of garments for men, women and children and caters to the needs of several leading international fashion brands and retailers. The principal source of revenue for the Group is from export of garments and related products.

B. Significant accounting policies

a) Basis of presentation and consolidation

The accompanying consolidated financial statements include the accounts of Gokaldas and its subsidiaries as follows:

Name of the Subsidiary	% Holding	Country of Incorporation
All Colour Garments Private Limited	100%	India
Deejay Trading Private Limited	100%	India
Glamourwear Apparels Private Limited	100%	India
Madhin Trading Private Limited	100%	India
Magenta Trading Private Limited	100%	India
Rafter Trading Private Limited	100%	India
Rajdin Apparels Private Limited	100%	India
Reflexion Trading Private Limited	100%	India
Rishikesh Apparels Private Limited	100%	India
Robot Systems Private Limited	100%	India
Seven Hills Clothing Private Limited	100%	India
SNS Clothing Private Limited	100%	India
Vignesh Apparels Private Limited	100%	India

The consolidated 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 Group and are consistent with those used in the previous year.

The consolidated financial statements have been prepared based on a line-by-line consolidation of balance sheet, statement of profit and loss and cash flows of Gokaldas and its subsidiaries. All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated.

The excess of the cost to the Company of its investments in subsidiaries over its proportionate share in equity of the investee company as at the date of acquisition, is recognised in the financial statements as Goodwill. In case the cost of investment in subsidiary companies is less than the proportionate share in equity of the investee company as on the date of investment, the difference is treated as capital reserve and shown under Reserves and Surplus.

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 Group and the revenue can be reliably measured.

NOTES TO ACCOUNTS

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) Hedge accounting

The Group is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currencies. The Group limits the effects of foreign exchange rate fluctuations by following established risk management policies including the use of forward cover derivatives. The Group enters into derivative contract for sale of US dollars and Euros, where the counterparty is a bank.

The Group has adopted principles of hedge accounting as set out in Accounting Standard (AS) 30, "Financial Instruments: Recognition and Measurement", to the extent that the adoption does not conflict with existing accounting standards and other authoritative pronouncements of Company Law and other regulatory requirements.

Based on the recognition and measurement principles of hedge accounting set out in AS 30, changes in the fair values of derivative financial instruments designated as cash flow hedges are recognized directly in reserves/equity and are reclassified to the profit and loss account upon the occurrence of the hedged transaction. Changes in fair value relating to derivatives not designated as hedges are recognized in the profit and loss account.

e) Fixed assets and depreciation

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.

	Rate of depreciation (WDV)
Buildings	10%
Plant & Machinery	13.91%
Electrical Equipments	13.91%
Office Equipments	13.91%
Furniture & Fixtures	18.10%
Computers (including software)	40%
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.

f) 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.

g) Impairment of assets

At each Balance Sheet date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Group 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. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

NOTES TO ACCOUNTS

h) 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.

i) 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 Group 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.

j) 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.

k) 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.

l) 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 Group'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.

NOTES TO ACCOUNTS

m) 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 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group will pay normal Income Tax during the specified period.

n) 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.

o) 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.

p) Segment Reporting Policies

Identification of segments:

The Group'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 Group 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 Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

NOTES TO ACCOUNTS

q) 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.

r) 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 Accounts

1. Contingent liabilities

Amount in Rs. Lakhs

Particulars	2011	2010
Claims against the Company not acknowledged as debts	308.57	354.42
Guarantees given by banks	305.60	315.10
Outstanding letter of credit	1,049.44	364.37
Bills discounted with banks	14,153.84	13,849.46
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	320.71	470.66

2. Export Promotion Capital Goods Scheme

The Group has imported capital goods without payment of duty under the Export Promotion Capital Goods ('EPCG') Scheme upto March 31, 2010. Under the EPCG scheme the Group has export obligations of Rs. 1,483.59 lakhs (2010 : Rs. 840.41 lakhs) to be fulfilled before November 5, 2017.

3. Gratuity

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on retirement or termination 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:

Net employee benefit expense (in Profit and Loss Account)

Amount in Rs. Lakhs

	2011	2010
Current Service Cost	517.62	284.07
Interest cost on benefit obligation	35.27	31.01
Expected Return on Plan Assets	(10.03)	(24.74)
Actuarial (gain) / loss	75.85	(23.78)
Net benefit expense	618.71	266.56
Actual return on plan asset	18.23	29.29

NOTES TO ACCOUNTS

Details of Provision for gratuity (in Balance Sheet)

Amount in Rs. Lakhs

	2011	2010
Defined benefit obligation	898.46	613.51
Fair value of plan asset	(250.14)	(401.87)
Plan liability	648.32	211.64

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

Amount in Rs. Lakhs

	2011	2010
Opening defined benefit obligation	613.51	496.02
Current Service Cost	517.62	284.07
Interest Cost	35.27	31.01
Benefits Paid	(345.83)	(178.35)
Actuarial (gain)/loss	77.89	(19.24)
Closing defined benefit obligation	898.46	613.51

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

Amount in Rs. Lakhs

	2011	2010
Opening fair value of plan asset	401.87	245.98
Expected return	10.03	24.74
Actuarial gain/(loss)	2.04	4.54
Contributions by employer	182.03	304.96
Benefits Paid	(345.83)	(178.35)
Closing fair value of plan asset	250.14	401.87

The principal assumptions used in determining gratuity obligations for the Group'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 years	58 years

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:

1. The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
2. The Group expects to contribute Rs. 650 Lakhs to gratuity in 2011-12.

Amounts for the current and previous years are as follows:

	2011	2010	2009	2008
Defined benefit obligation	(898.46)	(613.51)	(496.02)	(374.93)
Plan assets	250.14	401.87	245.98	11.55
Surplus / (deficit)	(648.32)	(211.64)	(250.04)	(363.38)

NOTES TO ACCOUNTS

4. Segment information

a) Primary business segment

The Group 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. Lakhs

Geographical Segment	Revenues	Carrying amount of segment assets (Debtors)
India	20,228.93 (14,246.19)	2,099.16 (2,691.56)
Outside India	87,959.01 (92,993.28)	6,440.82 (7,111.34)
Total	108,187.94 (107,239.47)	8,539.98 (9,802.90)

Note:

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

5. Related party disclosure

A. The following are the names of related parties and description of relationship:

Description of Relationship	Names of related parties
a. <i>Parties where control exists:</i>	
Immediate Holding Company	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited
Ultimate Holding Company	Blackstone FP Capital Partners (Mauritius) V-B Limited
b. <i>Key management personnel:</i>	
Chairman	Mr. Madanlal J Hinduja (upto January 15, 2011)
Managing Director	Mr. Rajendra J Hinduja (upto March 31, 2011)
Executive Director	Mr. Dinesh J Hinduja (upto March 31, 2011)
Chief Operating Officer – Production	Mr. Ashwin R Hinduja
Chief Operating Officer – Marketing	Mr. Vivek M Hinduja (upto September 30, 2010)
Chief Operating Officer – Marketing	Mr. Gaurav D Hinduja (upto May 31, 2010)
c. <i>Enterprises over which key management personnel and their relatives exercise significant influence with whom transactions have taken place during the year</i>	
Partnership Firm	Hinduja Trading Company DMR Enterprises Universal Garments Avis Industrial Estate
Private Limited Companies	VAG Exports Private Limited Dazzle Trading Private Limited J.V.N. Exports Private Limited Polyproducts Private Limited

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. Lakhs

Nature of transactions	Key Management Personnel	Others	Total
Sales / Other Income:			
Sale of fabrics / accessories / ready made garments	Nil (Nil)	4,864.52 (Nil)	4,864.52 (Nil)

NOTES TO ACCOUNTS

Expenses			
Rent expenses	Nil (Nil)	700.40 (66.02)	700.40 (66.02)
Remuneration	254.00 (229.49)	Nil (Nil)	254.00 (229.49)
Security deposits			
Refund of security deposits received	Nil (Nil)	Nil (11.50)	Nil (11.50)
Balances outstanding as on March 31, 2011			
— Current liabilities	9.40 (Nil)	0.20 (0.20)	9.60 (0.20)
— Security deposits	Nil (Nil)	1469.50 (1,469.50)	1,469.50 (1,469.50)

Note : Figures in brackets relate to previous year.

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

Amount in Rs. Lakhs

Sale of fabrics / accessories / ready made garments	2011	2010
Enterprises over which key management personnel and their relatives exercise significant influence		
DMR Enterprises	4,864.52	-
	4,864.52	-
Rent Expense	2011	2010
Enterprises over which key management personnel and their relatives exercise significant influence		
Avis Industrial Estate	173.71	16.69
VAG Exports Private Limited	141.62	12.72
J.V.N. Exports Private Limited	133.91	12.91
Hinduja Trading Company	160.80	15.59
Others	90.36	8.11
	700.40	66.02
Remuneration	2011	2010
Key Management Personnel		
Madanlal J Hinduja	38.00	16.47
Rajendra J Hinduja	48.00	16.51
Dinesh J Hinduja	48.00	16.51
Vivek M Hinduja	40.00	60.00
Ashwin R Hinduja	60.00	60.00
Gaurav D Hinduja	20.00	60.00
	254.00	229.49
Refund of security deposits received	2011	2010
Enterprises over which key management personnel and their relatives exercise significant influence		
Hinduja Trading Company	-	11.50
	-	11.50

NOTES TO ACCOUNTS

Amount in Rs. Lakhs

Current liabilities	2011	2010
Key Management Personnel		
Rajendra J Hinduja	2.89	-
Dinesh J Hinduja	2.89	-
Ashwin R Hinduja	3.62	-
	9.40	-
Enterprises over which key management personnel and their relatives exercise significant influence		
DMR Enterprises	0.20	0.20
	0.20	0.20
Security deposits	2011	2010
Enterprises over which key management personnel and their relatives exercise significant influence		
Hinduja Trading Company	455.20	455.20
VAG Exports Private Limited	632.50	632.50
Avis Industrial Estate	166.56	166.56
Others	215.24	215.24
	1,469.50	1,469.50

6. Leasing Arrangements

The Group's leasing arrangements in respect of its office, factory and residential premises are in the nature of operating leases. These leasing arrangements, which are usually cancellable at the option of the lessee, are for a total period ranging from eleven months to six years and are renewable with mutual consent. The charge on account of lease rentals for the year is Rs. 2,464.02 lakhs (2010 : Rs.1,396.68 lakhs).

Future obligations of lease rentals applicable to the leased assets aggregate to Rs.113.83 lakhs (2010 : Rs. 149.26 lakhs)

Amount in Rs. Lakhs

Period	2011	2010
Not later than one year	37.19	35.42
Later than one year and not later than five years	76.64	113.84
Later than five years	-	-
	113.83	149.26

7. Earnings per share

Amount in Rs. Lakhs (except Nominal value & Earning per share)

Particulars	2011	2010
(A) Net profit / (loss) for the year as per profit and loss account		
- after tax before extraordinary items	(8,476.11)	(182.27)
- after tax and extraordinary items	(9,007.27)	(182.27)
(B) Weighted average number of equity shares (Nos.)	34,376,000	34,376,000
(C) Nominal value per share (Rs.)	5.00	5.00
(D) Earnings per share (Rs.) – Basic and diluted		
- before extraordinary items	(24.66)	(0.53)
- after extraordinary items	(26.20)	(0.53)

8. Deferred Taxes – components of assets / (liability)

Amount in Rs. Lakhs

Particulars	2011	2010
Difference between carrying amount of Fixed Assets in Financial Statements and Income Tax Returns	(1,259.45)	(886.36)
Unabsorbed depreciation losses	1,244.72	443.48
Net Deferred Tax Asset/ (Liability)	(14.73)	(442.88)

NOTES TO ACCOUNTS

9. Remuneration to directors

Amount in Rs. Lakhs

Particulars	2011	2010
Managing Director and other Whole-time Directors		
Salaries	134.00	49.49
Non Whole-time Directors		
Sitting Fees	6.80	5.30
Total	140.80	54.79

Note: The above figures do not include provisions for encashable leave and gratuity as actuarial valuation is done for Group as a whole.

10. Auditors Remuneration (excluding service tax)

Amount in Rs. Lakhs

Particulars	2011	2010
Audit fees	37.12	37.12
In other capacity:		
Taxation matters	2.14	1.64
Total	39.36	38.76

11. Derivative contracts / instruments

Particulars of Derivative contracts	Purpose
Forward contract outstanding as at Balance Sheet Date	
Sell	
USD 27,800,000	Hedge of expected future sales
EUR 4,150,000	Hedge of expected future sales
GBP 120,000	Hedge of expected future sales

12. Exchange difference loss / (gain)

Amount in Rs. Lakhs

Particulars	2011	2010
Pre-shipment Packing Credit	(342.33)	(332.19)
Post-shipment Credit	195.64	(761.22)
Forward Contracts and Options	(1,184.83)	(746.41)
Foreign Currency Receivables	(105.44)	1,319.77
Foreign Currency Payables	(13.91)	(31.51)
	(1,450.87)	(551.56)

NOTES TO ACCOUNTS

13. As of the Balance Sheet date, the Group's foreign currency exposure is as under:

Particulars	2011		2010	
	Amount in foreign currency	Amount in Rs. Lakhs	Amount in foreign currency	Amount in Rs. Lakhs
Bank balances – USD	28,841	12.89	60,794	27.44
Debtors – USD*	11,981,741	5,355.84	13,704,534	6,184.86
Debtors – EUR*	1,622,557	1,024.82	1,298,962	785.82
Debtors – GBP*	83,672	60.16	206,691	140.66
Loans and advances – USD	1,688,715	754.63	1,656,220	747.45
Loans and advances – EUR	22,663	14.31	120,362	72.82
Loans and advances – GBP	362	0.26	7,777	5.29
Pre-shipment credit – USD	(20,206,243)	(9,147.18)	-	-
Creditors – USD	(2,560,533)	(1,159.13)	(1,236,976)	(558.37)
Creditors – EUR	(56,007)	(35.24)	-	-
Creditors – GBP	(96,750)	(69.59)	-	-
Advances received from customers – USD	(140,259)	(63.59)	(68,888)	(31.09)
Advances received from customers – EUR	(81,545)	(51.31)	-	-

* net of export bills discounted

14. On April 16, 2010, there was a fire in one of the raw material warehouses of the Group in Bangalore and materials valued at Rs. 3,766.49 lakhs were fully destroyed. The Insurance claim has been settled during the year and the Group has received Rs. 3,235.33 lakhs in full settlement of the claim. The difference between the amount claimed and settled, being Rs. 531.16 lakhs has been charged off as extraordinary item in the profit and loss account in the current year.
15. Previous year's figures have been regrouped/rearranged/reclassified, wherever necessary to conform to the current year's presentation.

As per our report of even date

Signatories to Schedule I to XV

For Girish Murthy & Kumar
Firm Registration No: 000934S
Chartered Accountants

For S.R. Batliboi & Co.
Firm Registration No: 301003E
Chartered Accountants

For and on behalf of Board

Gautam Chakravarti
Director & Chief Executive Officer

per A.V. Satish Kumar
Partner
Membership No.: F- 26526

per Navin Agrawal
Partner
Membership No.: 56102

Richard B Saldanha
Chairman

Bengaluru
Date: May 25, 2011

Zurich
Date: May 25, 2011

Sumit Keshan
Chief Financial Officer

N Sri Sai Kumar
Company Secretary

Bengaluru
Date: May 25, 2011

Style Vault



Computerised embroidery



Eton production system



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