

# gokaldas exports Ltd

GEL/SEC/2017-18

27<sup>th</sup> September, 2017

**BSE Limited**  
Floor 25, P.J Towers,  
Dalal Street,  
MUMBAI - 400 001

**The National Stock Exchange of India Limited**  
Exchange Plaza,  
Bandra - Kurla Complex, Bandra (E),  
MUMBAI-400 051

SCRIP CODE: 532630

GOKEX

Dear Sir,


**Sub: Annual Report for the Financial Year 2016-17**

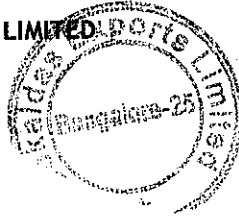
We hereby enclose the Annual Report of the Company for the Financial Year 2016-2017 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

This is for your information and record.

Thanking you,

Yours truly,  
for GOKALDAS EXPORTS LIMITED

  
Ramya K  
Company Secretary  
Encl: as below



Regd. Office :

# 16/2, Residency Road, Bangalore - 560 025. (INDIA)

Telephone : 41272200, 41272220

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Intertek



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## REGISTERED OFFICE

No. 16/2, Residency Road  
Bengaluru - 560 025, India

## CHIEF FINANCIAL OFFICER

Mr. Sathyamurthy A

## COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Ramya Kannan

## STATUTORY AUDITORS

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

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

## INTERNAL AUDITORS

G. Balu Associates  
Chartered Accountants  
4 – A, Venkatesa Agraharam Road  
Mylapore, Chennai - 600 004

## BANKERS

Canara Bank  
Corporation Bank

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*Won highest number of export awards*



## BOARD OF DIRECTORS

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Shri Richard B Saldanha  
*Chairman*



Shri P. Ramababu  
*Vice Chairman &  
Managing Director*



Shri Mathew Cyriac  
*Director*



Shri Arun K Thiagarajan  
*Independent Director*



Shri J H Mehta  
*Independent Director*



Smt Smita Aggarwal  
*Independent Director*

## CHAIRMAN'S MESSAGE

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**Richard B Saldanha**  
*Chairman*

The past year has been a year of renewed efforts towards turnaround and sustainability.

Continued focus by the management team to strengthen the fundamentals of the business, by tracking the fast-changing customer needs and industry structure, led to improved performance indices despite pressure on margins. Due to improved operational performance, the company gained a higher order book from key growth customers for the current year.

The strategic initiatives the Company has begun in 2014-15 for a healthier product and customer portfolio mix with focus on, on-time delivery has now fortified leading to healthier mix of products from the earlier dominant outwear centricity.

After the recent central government initiatives, to improve the Indian textile industry competitiveness for apparel exports, we have noted positive outcomes. However, the apparel export industry continues to face challenges of higher cost and lower margins. Continuous improvement in productivity and rationalisation of cost

structure across the value chain remains critical.

In this direction, the company initiated restructuring of its operational facilities by merger / consolidation of smaller factories into bigger factories besides setting up new facilities in low cost zones in Karnataka. The company has also initiated setting up factories in Andhra Pradesh by acquiring 10 acres of land near Madanapalle bordering Karnataka to avail the attractive incentives given by the Andhra Pradesh Government.

These initiatives of restructuring, improved product mix, higher order book, higher productivity and lower lease rentals will have a positive impact for the year 2017 -18.

The company has invested in Yepme International UK which shall provide exposure to digital sales channel, fast fashion design & procurement and online marketing tools, along sides efforts to revitalise its "Wearhouse" Brand to explore possible gains in India Retail.

On behalf of the team I thank our valued Customers who continue to

support us. We truly value the trust and confidence the customer has reposed in the company and we will continue serve and strive towards creating value for them and all the stake holders.

We thank our business partners, vendors, business associates. We depend on their continued support as key enablers to overcome the existing challenges. These relationships are strong pillars of our business architecture.

I thank the outstanding Board for their guidance on governance and strategic direction. At last but not the least I wish to thank you all stakeholders including employees, for continued unstinted support, confidence, encouragement, trust in the company.

With the recent change in Share holding, on behalf of the Board and Management, I wish to acknowledge the remarkable support your company obtained from "The Blackstone Group" and its dedicated team in India and assure all shareholders of the utmost commitment to create shareholders value, consistently and sustainably.

# DIRECTORS' REPORT

We have pleasure in presenting Fourteenth Annual Report on the business and operations of the Company together with the Audited Results for the financial year ended March 31, 2017.

## Financial Results (Standalone)

Your Company's performance during the year as compared to the previous year is summarized below:

(Rs. In lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2017
Revenue	115,096.52	94254.22
EBITDA	6,558.57	676.49
Other Income	4,541.81	0.00
PBT	5,107.72	-4681.81

## Review of Operations

Gokaldas Exports, has reported total revenue of Rs. 94,254.22 Lakhs which is 18.11% lesser than that of previous year. The decline in revenue in FY 17 was mainly due to loss of business from a key export customer and delay in onboarding operations of a large new customer, which was stabilized in the last two quarters. Also, the company has realigned the customer portfolio, discontinued non-profitable orders and rationalized the capacity.

While this rationalization has resulted in adverse impact on the financials of the company during the year, in the medium to long term, this will help the company to enhance the profitability and quality of growth. The company continues its efforts in acquiring new customers and expand the scope of operations with the existing customers.

## Key Cost Metrics

In order to meet the challenges of competitive pricing from the international customers, the company continued its initiatives of consolidating its factories and optimized the infrastructure and rationalized cost structure across the value chain

These initiatives have resulted in improved key cost metrics as detailed below thereby leading to improve the cost competitiveness of the company in the market.

Rs. in Lakhs

Particulars	FY16	FY17
Employee benefit Expenses	12183	10475
Other Expenses	36814	34815
Finance costs	3946	3636
Total	52943	48926

Despite the inflation, the company's efforts in optimizing the cost structure helped to bring down the fixed costs by Rs 4017 Lacs during the financial year.

We have undertaken substantive strategic measures to improve our performance, viz: focus on increasing share of business with existing customers, develop new customers and markets, focus on high margin product basket, strengthen design capabilities, improve manufacturing efficiencies, and sustain focus on tighter financial management. Our efforts has resulted in acquiring new customers in FY 18 and these initiatives will help us achieve enhanced results in the coming years.

## Dividend

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

## Transfer to Reserves

No amount is transferred to the Reserves.

## List of Subsidiaries

Your Company has 12 subsidiary companies. The names of these companies are as follows:

- i. All Colour Garments Private Limited,
- ii. DeeJay Trading Private Limited,
- iii. Glamourwear Apparels Private Limited,
- iv. Madhin Trading Private Limited,
- v. Magenta Trading Private Limited,
- vi. Rafter Trading Private Limited,
- vii. Rajdin Apparels Private Limited,
- viii. Reflexion Trading Private Limited,
- ix. Rishikesh Apparels Private Limited,
- x. Seven Hills Clothing Private Limited,
- xi. SNS Clothing Private Limited and
- xii. Vignesh Apparels Private Limited.

Pursuant to provisions of Section 129(3) of the Companies Act, 2013 a statement containing salient features of the financial statements of the Subsidiary Companies in Form AOC-1 is given in Annexure to this report, In view of the above 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 at the registered office of your Company. Investors who want to have a copy of the above may write to the Company Secretary to the registered office.

## Material Changes

No Material Changes or commitments have occurred between the end of the Financial Year and the date of this Report which affect the financial statements of the Company in respect of the reporting year.

## Open offer

On March 31, 2017, Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd, promoter of the Company and Clear Wealth Consultancy Services LLP, Acquirer has entered into a Share Purchase Agreement for acquisition of 1,39,55,742 equity shares representing 39.94% of fully paid-up equity share capital of the Company at a price of Rs. 42/- (Rupees Forty Two Only) per equity share aggregating to Rs. 58,61,41,164/- (Rupees Fifty Eight Crore Sixty One Lakhs Forty One Thousand One Hundred Sixty Four only) payable in cash. The aforesaid

transaction has triggered open offer obligation as per the SEBI (Substantial Acquisition of Shares and Takeovers) regulations, 2011. Consequently, the Acquirer along with Mathew Cyriac, Gazania Advisory LLP, Westex Infotech Private Limited and Gautham Madhavan (Collectively referred to as "PACs") has made an open offer to all the public shareholders of the Company for acquisition of up to 91,79,993 equity shares (Ninety One Lakhs Seventy Nine Thousand Nine Hundred and Ninety Three) representing 26% of the fully paid up equity share capital of the Company at a price of Rs. 63.25 (Rupees Sixty Three and Twenty Five Paise only) per equity share. Post the Open Offer Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd does not hold any equity shares in the Company effective 10th July, 2017 and the Acquirer along with the PACs shall be categorized as promoter and promoter group of the Company as per regulation 31A of SEBI LODR, 2015. In this connection, necessary amendments to the Articles of Association (AOA) and the Compliance requirements are being initiated.

## Merger

The Company has applied for a Scheme of Amalgamation of 9 wholly owned subsidiary companies with the Company. The appointed date of amalgamation is April 1st, 2016. The Application is filed with Hon'ble National Company Law Tribunal on February 23rd, 2017. The Company awaits necessary approvals for the merger to become effective.

## Changes in Subsidiaries, Joint Ventures and Associates:

Your Company is holding 99.94% stake in the subsidiaries Companies. All the subsidiaries are wholly owned Subsidiary Companies.

## Deposits

During the year under review, your Company has not invited or accepted any deposits from the public under section 76 of the Companies Act, 2013 and Rules made there under.

## Employee Stock Options Plan - 2010

Your Company has introduced the Employee Stock Option Scheme – 2010 in accordance with the SEBI (Employees

Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999. During the year 1,38,336 employee stock options were converted into equivalent number of equity shares. As required under SEBI (Share Based Employee Benefits Regulations, 2014), a disclosure is annexed herewith.

## Share Capital

Consequent to conversion of stock options into equity shares, your Company's Paid Up equity share capital has gone up to Rs.174,638,310 as on March 31, 2017 from Rs. 173,946,630 as on March 31, 2016

## Directors and Key Managerial Personnel

During the year, there is no change in the directorship.

Mr. Richard B Saldanha, Chairman retires by rotation at forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The brief resume and other details as required under the Listing Regulations are provided in the Notice of the 14th Annual General Meeting of the Company.

Mr. Mathew Cyriac was appointed as Additional Director of your company from 29th March, 2017 pursuant to provisions of Section 161 of the Companies Act, 2013. The detailed particulars are provided in the Notice of the Annual General Meeting. It is expected that the company will benefit from the rich and wide and varied experience and knowledge of Mr. Mathew Cyriac. Your directors recommend his regularization as director of the company.

In terms of Section 203 of the said Act, the following were designated as Key Managerial Personnel of your company by the Board:

- Mr. P. Ramababu – Vice Chairman & Managing Director
- Mr. Sathyamurthy A – Chief Financial Officer
- Ms. Ramya K – Company Secretary

## Declaration by Independent Directors

The Company has received necessary declaration from each Independent Directors under Section 149(7) of the Companies Act, 2013 that he / she meet



the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

### Evaluation of the Board's Performance

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration various aspects of Board's functioning, composition of the Board and its Committees, execution and performance of specific duties, obligations and governance.

The performance evaluation of Independent Directors has been carried out. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

### Number of Meetings of the Board

During the year, Six Board Meetings were held on May 30, 2016, August 9, 2016, September 26, 2016, October 27, 2016, February 3, 2017 and March 29, 2017. The Particulars of Directors & their attendance during the financial year 2016-17 has been disclosed in the Corporate Governance Report forming part of this Annual Report.

### Board Committee

The Company has the following committees of the Board:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee

The Composition of each of the above Committees, their respective roles and responsibility are as detailed in the report on Corporate Governance.

### Directors' Responsibility Statement

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Management states that:

- I) In the preparation of the annual accounts for the year ended March

31, 2017, 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 / losses for the year ended March 31, 2017;
- 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 laid down Internal Financial Controls to be followed by the Company and the Audit Committee of the Board of Directors shall ensure that the Internal Control is adequate and robust;
- V) The annual accounts are prepared on a going concern basis
- VI) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### Safety, Health, Environment

We, as a responsible manufacturer, are committed to take adequate measures related to environment, employee health and safety in developing, manufacturing, storing, handling and distribution of our products. It is our responsibility to provide a workplace free from accidents, injuries and exposure to hazardous substances, conserve natural resources and prevent pollution to protect the environment.

Besides, as a constructive partner in the communities in which it operates, the Company has been taking concrete actions to realize its social responsibility objectives, thereby building value for its various stakeholders. We respect human rights, value our employees, and invest in innovative technologies. In the past the Company has supported innumerable social and community initiatives and continues to do the same.

Some of the key initiatives taken by the company are:

- Regular fire safety audits along with mock drills at all locations
- Identification and implementation for additional fire safety measures for high rising buildings (beyond 15 Mtrs)
- Up-gradation of existing fire control and safety systems including training on fire prevention for employees
- Enhanced focus on product safety and safe working practices through training programs
- Implementation of a Zero Liquid Discharge (ZLD) project with enhanced capacity of Reverse Osmosis Plant in Denim Laundry for recycling of waste water.
- Installation of CCTV Cameras for improved surveillance system in order to capture any untoward incidents and to prevent thefts.

### Corporate Governance

Your Company is committed in 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. Your Company's Corporate Governance Compliance Certificate is in line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Listing

The equity shares of the Company are listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (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.

### Auditors

#### a) Statutory Auditor

M/s Girish Murthy & Kumar (Registration Number 0009345), Chartered Accountants

were appointed as Joint Statutory Auditors of the Company along with M/s S. R. Batliboi & Associates LLP (Registration Number 101049W) till the conclusion of 14th Annual General Meeting to be held in the year 2017. M/s Girish Murthy & Kumar (Registration Number 000934S), Chartered Accountants would vacate office as Auditors of the Company at the conclusion of ensuing Annual General Meeting pursuant to Section 139(2) (b) of the Companies Act, 2013 dealing with compulsory rotation of Auditors. Thus M/s Girish Murthy & Kumar (Registration Number 000934S), Chartered Accountants would be carrying out limited review of first quarter financial results of FY 2017-18.

Pursuant to applicable provision of the Companies Act, 2013, on the recommendations of the Audit Committee, it is proposed to appoint M/s S. R. Batliboi & Associates LLP (Registration Number 101049W) as statutory Auditors of the Company to hold office from the conclusion of 14th Annual General Meeting of the Company until the conclusion of 15th Annual General Meeting. Necessary resolution for the appointment of M/s S. R. Batliboi & Associates LLP (Registration Number 101049W) as statutory Auditors is included in the Notice of the Annual General Meeting.

The Board Places on record its appreciation for the contribution of M/s Girish Murthy & Kumar (Registration Number 000934S), Chartered Accountants during their tenure as Auditors of the Company.

No qualification, adverse remarks or disclaimer made by the Statutory Auditors with regards to the financial statements for the financial year 2016-17.

The statutory Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

#### **b) Secretarial Auditor**

Pursuant to the Provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Nagendra D Rao, Practicing Company Secretary (CP NO:7731, FCS: 5553) to undertake the secretarial audit of the Company. The Secretarial Audit

Report is given in Annexure to this Report. The Report does not contain any qualification.

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

In pursuance of the Conservation of Energy, Technology Absorption, Foreign Exchange Earnings in such manner as prescribed under Rule 8 (3) of the Companies (Accounts) Rules, 2014, the particulars of the same are given below.

##### **A. Conservation of Energy**

The operations of the Company are not energy intensive. However, the Company takes continuous initiatives to curtail consumption of energy on an ongoing basis.

##### **B. Technology absorption, adaptations and innovation**

Not Applicable

##### **C. Foreign Exchange Earnings and Outgo**

Foreign Exchange earned: Rs. 68854.63 lakhs

Out go : Rs. 13301.59 lakhs

#### **Related Party Transactions**

All related party transactions, that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. The Company presents a statement of all related party transactions before the Audit Committee. Prior omnibus approval of the Audit Committee has been obtained for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted along with a statement giving details of all related party transactions is placed before the Audit Committee. Further there are no materially significant related party transactions during the year under review made by the Company with promoters, Directors, Key Managerial Personnel or designated persons which may have a potential conflict of interest with the Company at a large.

#### **Particulars of Loan, Guarantees and Investment**

In Terms of Section 134 of the Companies Act, 2013, the particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013 is detailed in Notes to Accounts of the Financial Statements.

#### **Disclosure under the sexual harassment of women at workplace (prevention, prohibition & redressal) Act, 2013**

Your Company has in place a policy on prevention, prohibition and Redressal of Sexual Harassment and Non-discrimination at work place in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual temporary, trainees) are covered under this policy.

An Internal Complaints Committee (ICC) was set up to redress complaints received regarding sexual harassment and discrimination at work place.

During the year ended March 31, 2017, the ICC has received no complaints pertaining to Sexual harassment/discrimination at work place.

#### **Extract of the Annual Return**

Relevant extract of annual return to be filed with the Registrar of Companies for the financial year 2016-17 in Form MGT-9 is given as Annexure to this Report.

#### **Internal Control Systems**

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are property authorized, recorded and reported to the Management. Internal Audit is carried out in a programmed way and follow up actions were taken for all audit observations.

#### **Corporate Social Responsibility (CSR)**

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors of your Company has constituted a Corporate Social Responsibility Committee.

The Corporate Social Responsibility Policy, as formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors is available on the website of the Company at <http://www.gokaldasexports.com>

#### **Remuneration Policy for the Directors, Key Managerial Personnel and other Employees**

In terms of the provisions of Section 178(3) of the Act and Regulation 19 of SEBI (Listing Obligations and Disclosure



Requirements) Regulations, 2015, the Nomination & Remuneration Committee is responsible for formulating criteria for determining qualification, positive attributes and independence of a Director. The Nomination & Remuneration Committee is also responsible for recommending to the Board a policy relating to remuneration of Directors, Key Managerial Personnel and other senior employees.

In line with this, Board has adopted Remuneration Policy for Directors, Key Managerial Personnel and other senior employees of the Company. The copy of policy is available on the company's website [www.gokaldasexports.com](http://www.gokaldasexports.com)

#### **Development and implementation of a Risk Management Policy**

Your Company has adopted a Risk Management Policy for addressing the requirements of risk identification, risk assessment, risk mitigation plans etc., of the company.

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have formulated a policy on Risk Management which can be accessed from the Website of the Company at [www.gokaldasexports.com](http://www.gokaldasexports.com).

#### **Particulars of Employees**

The information required pursuant to Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') in respect of remuneration and other detail is given separate statement in the Annual Report.

The remuneration paid to all key Management Personnel was in accordance with remuneration policy adopted by the Company.

In terms of the provisions of Section 197(12) of the Act read with Rule 5(2) and 5(3) of Rules, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules is provided in the Annual Report.

#### **Vigil Mechanism/whistle Blower Policy**

Your Company has a Vigil mechanism established Whistle Blower Policy, as per the requirement of the Companies Act, 2013 and the Listing Regulations, , to enable all employees and the directors to report in good faith any violation of the policy. The Audit Committee of the Board oversees the functioning of Whistle Blower Policy. Your Company has disclosed the details of Whistle Blower

Policy on its website [www.gokaldasexports.com](http://www.gokaldasexports.com)

#### **Code of Conduct**

Your Company has laid down a Code of Conduct Policy which can be accessed on the Company's Website: [www.gokaldasexports.com](http://www.gokaldasexports.com)

#### **Acknowledgements and Appreciation**

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners and associates, financial institutions and the 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**

**Richard B Saldanha**  
(Chairman)

**P. Ramababu**  
(Vice Chairman and  
Managing Director)

Bengaluru  
14th August, 2017

**FORM AOC-1**  
**(Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures)**  
**Part A - Subsidiaries**

**(Information in respect of each subsidiary to be present with amounts in Lakhs)**

Sl. No.	Name of the Company	Amount in Lakhs												
		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 Apparels Pvt Ltd	Seven Hills Clothing Pvt Ltd	SNS Clothing Pvt Ltd	Vignesh Apparels Pvt Ltd	
1	Reporting period for the subsidiary concerned, if different from holding Company's reporting period	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	31st March, 2017	
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	
3	Share Capital	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	
4	Reserves & Surplus	382.84	121.92	159.91	80.57	76.57	209.32	33.12	111.00	330.56	1582.21	95.53	95.53	
5	Total Assets	394.95	314.96	520.16	279.75	556.68	611.82	276.77	693.04	1552.20	1880.43	111.65	111.65	
6	Total Liabilities	394.95	314.96	520.16	279.75	556.68	611.82	276.77	693.04	1552.20	1880.43	111.65	111.65	
7	Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.02	0.00	0.00	
8	Turnover	22.36	1,272.46	1,681.35	1,143.36	2,856.75	2,488.45	1,789.48	3,604.54	6,605.45	1,904.97	14.69	14.69	
9	Profit before taxation	18.66	-32.54	11.73	42.99	26.55	9.31	45.05	87.59	20.47	2.06	13.41	13.41	
10	Provision for taxation	-19.90	-33.91	9.19	40.20	23.80	7.22	39.47	78.98	17.77	0.30	-1.90	-1.90	
11	Profit after taxation	38.56	1.37	2.55	2.79	2.75	2.09	5.58	8.62	2.70	1.75	15.31	15.31	
12	Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
13	% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

Notes: The Following information shall be furnished at the end of the statement

- Names of Subsidiaries which are yet to commence operations - NA

## ANNEXURE TO THE DIRECTORS' REPORT

Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:

- 1) Ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year

Sl. No	Name	Designation	Remuneration Paid FY 2016-17 (Rs lacs)	Remuneration Paid FY 2015-16 (Rs lacs)	Increase in remuneration over previous year (Rs lacs)	Ratio/times per Median of employee remuneration
1	Mr. P. Ramababu	VC & MD	130.06	102.26*	10.06	58.6

Includes fixed, does not include ESOP/Bonus and Perquisite value

\*Appointed wef May 25 2015

- 2) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, in the financial year:  
Mr. P. Ramababu – Vice Chairman and Managing Director – 10%  
Mr. Sathyamurthy . A, Chief Financial officer – Nil  
Ms. Ramya K, Company Secretary – 15%
- 3) The percentage increase in the median remuneration of employees in the financial year : 8%
- 4) The number of permanent employees on the rolls of Company as of 31 March 2017: 20924
- 5) The explanation on the relationship between average increase in remuneration and Company performance: in line with Industry Practice
- 6) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company. During the year the Company has increased the fixed remuneration of Mr. P. Ramababu – VC & MD by 10% in line with market and duly approved by the shareholders in the meeting held on 26th September 2016.
- 7) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the Current financial year and previous financial year:

Particulars	March 31, 2017	March 31, 2016	% Change
Market Capitalization (Rs. Crores)	246	215	14.42
P/E Ratio	-5.01	3.60	-139.17

- 8) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration : increase in non-managerial salaries were at par with the increase in managerial remuneration during 2016-17.
- 9) Comparison of remuneration of each of the Key Managerial personnel against the performance of the Company (as % of revenue)

Mr. P . Ramababu, VC & MD	0.180%
Mr. Sathyamurthy A, CFO	0.100%
Ms. Ramya K, CS	0.010%

- 10) Key parameters for any variable component of remuneration availed by the directors – revenue and operational profitability
- 11) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year – None
- 12) Affirmation that the remuneration is as per the remuneration policy of the Company - The Company affirms that the remuneration is as per the remuneration policy of the Company.

**Information as per Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) Companies Appointment and remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended March 31 2016.**

Sl.No	Name	Age(yrs)	Designation	Date of Commencement of Employment	Remuneration Received (Rs. In Lakhs)	Professional Qualification	Total Experience (Yrs)	Last Employment and Designation	Whether he is a relative of Director/ Manager	% of equity shares held within Rule 5(2) & 5(3)
1	Mr. P. Ramababu	69	VC & MD	25th May, 2015	166.96	PG in Social Work	45years	Consultant	No	Nil

## ANNEXURE TO DIRECTORS' REPORT

### DETAILS OF STOCK OPTIONS PURSUANT TO SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATION, 2014

	Description	ESOP Scheme- 2010
	No. of Options available under ESOP Scheme-2010	17,18,800
A)	No. of Options Granted during FY 2016-17	4,15,000
B)	The Pricing Formula	The exercise price for the purposes of the grant of options as decided by the ESOP Compensation Committee is Rs.32.25, 60.95, 80.20 and 72.55, the price being not less than the Par value of the equity share of the Company and not more than the market price as on 20th May, 2013, 1st Feb, 2014, 13th Aug, 2014 and 30th May 2016 respectively being relevant date subject to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
C)	Options vested during FY 2016-17	1,71,666
D)	Options Exercised during FY 2016-17	1,38,336
E)	The total number of shares arising as a result of exercise of options	5,51,662
F)	Options lapsed FY 2016-17	80,001
G)	Variation Terms of Options	Nil
H)	Money Realized by exercise of options	Rs.44,61,336
I)	Total Number of Options in Force as on March 31,2017	5,58,336
J)	Employee-wise details of options granted to	Details as under :
	i) Senior Managerial Personnel	Yes 1. Mr. P. Ramababu – VC & MD 2. Mr. Sathyamurthy A – CFO 3. Mr. Poorana Seenivasan - President
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year	Nil
	iii) Identified employees who were granted option , during any one year , equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
K)	Diluted Earnings Per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 "Earnings Per Share"	Rs. (14.07)
L)	i) the Method of calculation of Employee Compensation Cost	Intrinsic Method of Accounting
	ii) Difference between the employee compensation cost so computed at (i) above and the employee Compensation Cost that shall have been recognized if it had used the fair value of options	Rs. 11,381,668.
	iii) The impact of the difference on profits and on EPS of the Company	Had the Company followed Fair value method, the loss would be Rs. 511,170,668 and EPS would be Rs. 14.65 per share.
M)	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price	Weighted average Exercise Price Rs. 62.07 Weighted average Fair Value Rs. 55.09
N)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information : 1) Risk-free interest rate 2) Expected life 3) Expected volatility 4) Expected dividends 5) Price of underlying share in market at the time of option grant	Intrinsic Method of accounting 1. 6.45% 2. 10 yrs 3. 62.30% 4. 0.00 yield 5. Rs. 72.55

## ANNEXURE TO DIRECTORS' REPORT

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To,  
The Members  
Gokaldas Exports Limited,  
No. 16/2, Residency Road,  
Bengaluru - 560 025.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the further viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Nagendra D. Rao  
Practising Company Secretary  
Membership No. FCS – 5553  
Certificate of Practice – 7731  
543/A, 7th Main,  
3rd Cross, S.L. Byrappa Road,  
Hanumanthnagar,  
Bengaluru – 560 019.

Place: Bengaluru  
Date: May 19 2017



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**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017**  
**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies**  
**(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members  
Gokaldas Exports Limited,  
No. 16/2, Residency Road,  
Bengaluru - 560 025.

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Gokaldas Exports Limited (hereinafter called the company). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Gokaldas Exports Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Gokaldas Exports Limited ("the Company") for the financial year ended on 31st March 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [provisions of Overseas Direct Investment and External Commercial Borrowings are not applicable];
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [Not applicable as the Company has not issued any shares during the year under review];
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not Applicable as the Company has not issued any debt securities during the financial year under review];
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable as the Company has not delisted / propose to delist its equity shares from any stock exchange during the financial year under review]; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not Applicable as the Company has not bought back / propose to buyback any of its securities during the financial year under review];
- (vi) We have relied on the representation made by the company and its officers for systems and mechanism formed by the company for compliances under other applicable Acts, Laws and Regulations to the Company.

The Laws as are applicable specifically to the Company are as under:

- a) The Central Excise Act, 1944,
- b) The Customs Act, 1962,
- c) The Karnataka Value Added Tax, 2003
- d) The Central Sales Tax Act, 1956
- e) The Payment of Bonus Act, 1965,
- f) The Environment Protection Act, 1986,
- g) The Maternity Benefit Act, 1961
- h) The Factories Act, 1948,
- i) The Minimum Wages Act, 1948,

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- j) The Payment of Wages Act, 1936,
  - k) The Employees Provident Funds and Miscellaneous Provisions Act, 1952,
  - l) The Employees State Insurance Act, 1948
  - m) The Payment of Gratuity Act, 1972,
  - n) The Industrial Disputes Act, 1947,
  - o) The Employees Compensation Act, 1923,
  - p) The Equal Remuneration Act, 1976 and
  - q) Karnataka Shops and Establishment Act, 1961

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India and made effective 1st July 2015).
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. During the year there were no changes in the composition of the Board of Directors of the company.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the Board of Directors duly recorded and signed by the Chairman, the decisions were unanimous and no dissenting views were required to be recorded.

I further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Managing Director and taken on record by the Board of Directors at their meeting(s), I am of the opinion that the management of the Company has adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the company has passed Special resolutions which are having major bearing on the Company's Affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

#### **I further report that**

1. The company has received Notice VIDE reference no. EAD-2/DSR/PU/RG/12224/2016/1 dated April 28 2016 under Rule 4(1) of the Securities Contracts (Regulation) (procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 2005 read with Section 231 of Securities Contracts (Regulation) Act, 1956. The company has appropriately replied to the said notice.
2. The Company has filed a Scheme of Amalgamation for amalgamating its 9 Wholly Owned Subsidiaries with the company before the Hon'ble National Company Law Tribunal, Bangalore on 23rd February, 2017, after receiving necessary observation letters from BSE Limited and National Stock Exchange of India Limited.
3. "An open offer is proposed by Clear Wealth Consultancy Services LLP ("Acquirer") along with Mathew Cyriac ("PAC I"), Gazania Advisory LLP ("PAC II"), Westex Infotech Private Limited ("PAC III") and Gautham Madhavan ("PAC IV") (PAC I, PAC II, PAC III and PAC IV are collectively referred to as "PACs") to acquire 1,39,55,742 equity shares representing 39.94% of fully paid-up equity share capital of the Company. This Open Offer is being made under Regulations 3(1) and 4 of the SEBI (SAST) Regulations, 2011 to all public shareholders of the Company, pursuant to which the Acquirer will acquire up to 91,79,993 (Ninety One Lakhs Seventy Nine Thousand Nine Hundred and Ninety Three) equity shares representing 26% of expanded voting share capital of the Company.

Nagendra D. Rao  
Practising Company Secretary  
Membership No. FCS – 5553  
Certificate of Practice – 7731  
543/A, 7th Main,  
3rd Cross, S.L.Byrappa Road,  
Hanumanthnagar,  
Bengaluru – 560 019.

Place: Bengaluru  
Date: May 19 2017

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
As on financial year ended on 31.03.2017  
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	L18101KA2004PLC033475
2.	Registration Date	01/03/2004
3.	Name of the Company	GOKALDAS EXPORTS LTD
4.	Category/Sub-category of the Company	PUBLIC, LISTED
5.	Address of the Registered office & contact details	NO, 16/2, RESIDENCY ROAD, BENGALURU - 560025
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MS. SHOBHA ANAND, KARVY COMPUTERSHARE PVT. LTD. KARVY SELENIUM TOWER, B, PLOT 31-32, GACHIBOWLI, FINANCIAL DISTRICT, NANAKRAMGUDA, HYDERABAD - 500032.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY** (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Apparel and Clothing	14101	100%

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-**

Sl. No.	Name and Address of the company	CIN / GIN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable section
1.	All Colour Garments Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2004PTC034055	Subsidiary	100%	2(87)
2.	Deejay Trading Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2003PTC031614	Subsidiary	100%	2(87)
3.	Glamourwear Apparels Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC034154	Subsidiary	100%	2(87)
4.	Madhin Trading Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2003PTC031643	Subsidiary	100%	2(87)
5.	Magenta Trading Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2003PTC031645	Subsidiary	100%	2(87)
6.	Rafter Trading Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2003PTC031681	Subsidiary	100%	2(87)
7.	Rajdin Apparels Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC033904	Subsidiary	100%	2(87)
8.	Reflexion Trading Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2003PTC031680	Subsidiary	100%	2(87)
9.	Rishikesh Apparels Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC033760	Subsidiary	100%	2(87)
10.	Seven Hills Clothing Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC034162	Subsidiary	100%	2(87)

Sl. No.	Name and Address of the company	CIN / GIN	Holding/ Subsidiary/ Associate	% of shares Held	Applicable section
11.	SNS Clothing Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17115KA2004PTC034457	Subsidiary	100%	2(87)
12.	Vignesh Apparels Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC033759	Subsidiary	100%	2(87)

#### VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A) PROMOTER AND PROMOTER GROUP									
(1) INDIAN									
(a) Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b) Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(1) :	0	0	0	0.00	0	0	0	0.00	0.00
(2) FOREIGN									
(a) Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b) Bodies Corporate	19983742	0	19983742	57.44	13955742	0	13955742	39.96	-17.49
(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total A(2) :	19983742	0	19983742	57.44	13955742	0	13955742	39.96	-17.49
Total A=A(1)+A(2)	19983742	0	19983742	57.44	13955742	0	13955742	39.96	-17.49
(B) PUBLIC SHAREHOLDING									
(1) INSTITUTIONS									
(a) Mutual Funds/UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b) Financial Institutions /Banks	408501	0	408501	1.17	447572	0	447572	1.28	0.11
(c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f) Foreign Institutional Investors	5169	0	5169	0.01	27847	0	27847	0.08	0.07
(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i) Others	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(1) :	413670	0	413670	1.18	475419	0	475419	1.36	0.18

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)NON-INSTITUTIONS									
(a) Bodies Corporate	4327173	0	4327173	12.44	4955165	0	4955165	14.19	1.75
(b) Individual									
(i) Individual shareholders holding nominal share capital upto Rs.1 lakh	6310458	3952	6314410	18.15	10811675	619	10812294	30.96	12.81
(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	3027945	0	3027945	8.70	3395985	0	3395985	9.72	1.02
(c) Others									
CLEARING MEMBERS	196350	0	196350	0.56	849674	0	849674	2.43	1.87
NON RESIDENT INDIANS	526036	0	526036	1.51	415165	0	415165	1.19	-0.32
NRI Non- Repatriation	0	0	0	0	68218	0	68218	0.20	0.20
(d) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Sub-Total B(2) :	14387962	3952	14391914	41.37	20495882	619	20496501	58.68	17.31
Total B=B(1)+B(2) :	14801632	3952	14805584	42.56	20971301	619	20971920	60.04	17.49
Total (A + B) :	34785374	3952	34789326	100.00	34927043	619	34927662	100.00	0.00
(C) Shares held by custodians, against which Depository Receipts have been issued									
(1) Promoter	0	0	0	0.00	0	0	0	0.00	0.00
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C):	34785374	3952	34789326	100.00	34927043	619	34927662	100.00	0.00

#### B) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	BLACKSTONE FP CAPITAL PARTNERS (MAURITIUS) V-B	19983742	57.44	100	13955742	39.96	100	-17.49



C) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	BLACKSTONE FP CAPITAL PARTNERS(MAURITIUS) V-B	19983742	57.44	13955742	39.96

D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year@		Shareholding at the end of the year#	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1.	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Ltd*	19983742	57.44	13955742	39.96
2.	Shinano Retail Pvt Ltd*	1413513	4.06	1413513	4.05
3.	Ojasvi Trading Pvt Ltd*	867000	2.49	867000	2.48
4.	Zaki Abbas Nasser	370000	1.06	0	0.00
5.	Chetan Jayantilal Shah	341000	0.98	400000	1.15
6.	Bhadra Jayantilal Shah	325000	0.93	400000	1.15
7.	Jayantilal Premji Shah	304000	0.87	320000	0.92
8.	Life Insurance Corporation of India	299484	0.86	299484	0.86
9.	Stock Holding Corporation of India Ltd – A/c NSE	20000	0.06	156000	0.45
10.	Vandana Sehgal	5000	0.01	141875	0.41

1. The Shares of the Company are substantially held in dematerialized form, and are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated.

2. \*Common Top 10 shareholders as on April 1, 2016 and March 31, 2017.

@Top 10 Shareholders as on April 1, 2016.

#Top 10 shareholders as on March 31, 2017.

E) Shareholding of Directors and Key Managerial Personnel:

SN	Name of the Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Mr. P. Ramababu, Vice Chairman & Managing Director At the beginning of the year	0	0	0	0
	At the end of the year	0	0	0	0
2	Mr. Arun K Thiagarajan, Independent Director At the beginning of the year	6666	0	6666	0
	August 9th, 2016 Allotment	3334	0.00	3334	0
	At the end of the year	10000	0.00	10000	0.00
3	Mr. Jitendra H Mehta, Independent Director At the beginning of the year	3333	0.00	0	0.00
	At the end of the year	0	0	0	0

SN	Name of the Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	0	0	0	0
	Mr. P. Ramababu – VC & MD	0	0	0	0
	Mr. Sathyamurthy A - CFO	0	0	0	0
	Ms. Ramya K - CS	0	0	0	0
2	At the end of the year	0	0	0	0
	Mr. P. Ramababu – VC & MD	0	0	0	0
	Mr. Sathyamurthy A - CFO	0	0	0	0
	Ms. Ramya Kannan - CS	0	0	0	0

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.  
In Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	343.46	0	0	343.46
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1.70	0	0	1.70
Total (i+ii+iii)	345.16	0	0	345.16
Change in Indebtedness during the financial year				
* Addition	0	0	0	0
* Reduction	2.85	0	0	2.85
Net Change	2.85	0	0	2.85
Indebtedness at the end of the financial year				
i) Principal Amount	340.26	0	0	340.26
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	2.05	0	0	2.05
Total (i+ii+iii)	342.31	0	0	342.31

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	P Ramababu, VC & MD, from 25th May, 2015
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,30,06,452
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	11,89,600
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0
2	Stock Option	0
3	Sweat Equity	0
4	Commission	
	- as % of profit	0
	- others, specify...	0
5	Others, please specify Incentive*	25,00,000
	Total (A)	1,66,96,052
	Ceiling as per the Act	0

\*Incentive as above pertains to year 2015-16 but paid out in 2016-17

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors					Total Amount
		Arun K Thiagarajan, Independent Director	J H Mehta, Independent Director	Smita Aggarwal, Independent Director	Richard B Saldanha, Chairman & N E D	Mathew Cyriac, Non-Executive Director	
1	Independent Directors						
	Fee for attending board committee meetings	13,60,000	13,60,000	6,40,000	0	0	33,60,000
	Commission**	6,00,000	6,00,000	6,00,000	0	0	18,00,000
	Others, please specify	0	0	0	0	0	0
	<b>Total (1)</b>	<b>19,60,000</b>	<b>19,60,000</b>	<b>12,40,000</b>	<b>0</b>	<b>0</b>	<b>51,60,000</b>
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	0	0	0	14,40,000	0	14,40,000
	Commission**	0	0	0	10,00,000	0	10,00,000
	Others, please specify	0	0	0	0	0	0
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24,40,000</b>	<b>0</b>	<b>24,40,000</b>
	<b>Total (B) = (1 + 2)</b>	<b>19,60,000</b>	<b>19,60,000</b>	<b>12,40,000</b>	<b>24,40,000</b>	<b>0</b>	<b>76,00,000</b>
	Total Managerial Remuneration	19,60,000	19,60,000	12,40,000	24,40,000	0	76,00,000
	Overall Ceiling as per the Act	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting

\*\* Commission for the year 2015-16 paid during the year 16-17 after obtaining necessary approval from shareholders.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

SN	Particulars of Remuneration	Key Managerial Personnel		
		Sathyamurthy A, Chief Financial Officer	Ramya Kannan Company Secretary	Total
1	Gross salary			
	(a) Salary and allowances	75,00,000	8,36,928	83,36,928
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Bonus paid in fiscal 2016	3,01,075	63,507	3,64,582
	(d) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	- as % of profit	0	0	0
	others, specify...	0	0	0
5	Incentive**	18,41,096	0	18,41,096
	Total	96,42,171	9,00,435	1,05,42,606

\*\*Incentive as above pertains to year 2015-16 but paid out in 2016-17

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

# CORPORATE GOVERNANCE REPORT

## Company's philosophy on Corporate Governance

Corporate governance is an ethically driven business process that is committed to values. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. It is imperative that our company's affairs are managed in a fair and transparent manner. This is vital to gain and retain the trust of our stakeholders. We conduct our business in a manner that is fair to all our stakeholders, we practice highest standards of integrity in all our actions and we respect and comply with the laws of the geographies in which we are present.

Good Corporate Governance leads to long-term shareholder value creation. It brings into focus the fiduciary and trustee role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

The Securities and Exchange Board of India (SEBI) amended the equity listing agreement to bring in additional corporate governance norms for listed entities. These norms provide for stricter disclosures and protection of investor rights, including equitable treatment for minority and foreign shareholders. The amended norms are aligned with the provisions of the companies Act, 2013, and are aimed to encourage companies to adopt best practices on corporate governance.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and presents the following Corporate Governance Report for the year 2016-17, based on the said disclosure requirements.

### Board of Directors

The Board is headed by a Non-Executive Chairman, Mr. Richard B. Saldanha, and is composed of eminent persons with considerable professional experience in diverse fields viz, manufacturing, marketing, finance, banking, legal, management and commercial administration and comprises of a majority of Non-Executive & Independent Directors. The Gokaldas Exports Board is a balanced Board, comprising of Executive and Non-Executive Directors. As on March 31 2017, the Board consists of 6 members, 5 of whom are Non- executive, out of which 3 are Independent Directors.

The composition of the Board and category of Directors as on this date of Report:

Sl. No.	Name of Directors	Category
1.	Mr. Richard B. Saldanha	Non Executive Director & Chairman
2.	Mr. P. Ramababu	Executive Director-Vice Chairman and Managing Director
3.	Mr. Arun K.Thiagarajan	Non Executive & Independent Director
4.	Mr. Mathew Cyriac	Non Executive Director
5.	Mr. Jitendrakumar H.Mehta	Non Executive & Independent Director
6.	Ms. Smita Aggarwal	Non Executive & Independent Director

### Meetings

The meetings of the Board of Directors are normally held at the Company's Registered Office in Bengaluru. During the year under review, 6 (Six) meetings were held on May 30th 2016, August 9th 2016, September 26th 2016, October 27th 2016, February 3rd 2017 and March 29th 2017.

The Company Secretary prepares the agenda and explanatory notes, in consultation with the Chairman and Vice Chairman & Managing Director and circulates the same well in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board is provided with the relevant information as stipulated in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Meetings are governed by a structured agenda.

The details of the Board meetings for the financial year 2016-2017 are as under:

Sl.no	Date of the Board Meeting	Board Strength	No of Directors Present
1	May 30th 2016	6	6
2	August 9th 2016	6	5
3	September 26th 2016	6	5
4	October 27th 2016	6	6
5	February 3rd 2017	6	4
6	March 29th 2017	6	5

The last Annual General Meeting (AGM) was held on Monday, September 26th 2016, 3.00 PM

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



# CORPORATE GOVERNANCE REPORT

## Directors Details :

SI No	Name	Category	Attendance Particulars		No of Directorship and Committee Membership/Chairmanships as on report date			
			No. of Board Meetings		Whether attended last AGM	Directors hips	Committee Memberships	Committee Chairman hips <sup>6</sup>
			Held	Attended				
1	Mr. Richard B. Saldanha	Chairman & Non- Executive Director	6	6	Yes	10	7	1
2	Mr. P. Ramababu	VC & MD, Executive Director	6	6	Yes	12	1	-
3	Mr. Mathew Cyriac	Non-Executive Director	6	6	No	7	1	-
4	Mr. Arun K. Thiagarajan	Non-Executive and Independent Director	6	5	Yes	9	2	5
5	Mr. Jitendrakumar H Mehta	Non-Executive and Independent Director	6	6	Yes	2	2	-
6	Ms. Smita Aggarwal	Non-Executive and Independent Director	6	2	No	4	1	-

1. Excludes Foreign Companies

2. Committees considered are Audit Committee and Stakeholders Relationship Committee.

## Remuneration to Executive Directors

Rs in Lakhs

Name of the Director	Designation	Total
Mr. P. Ramababu	Vice Chairman & Managing Director	Rs. 166.96 *

\*Total Remuneration includes Bonus (Rs. 25 Lakhs) paid for the year 2015-16 and Perquisites.

The terms and conditions of the executive director's appointment and remuneration are governed by the resolution passed by the shareholders of his appointment; The Company has not entered into separate agreement for the contract of services with the executive director.

Independent Directors are entitled to sitting fee only and are not entitled to any remuneration. The Board of Directors have proposed to pay commission of 1% of the net profits of the Company for a period not exceeding 5 (five) financial years, commencing from financial year ending 31st March, 2016.

Further, the Company has paid Commission of 1% of the net profits of the Company to its Non-executive directors for the year 2015-16 as approved by the members of the Company at the Annual General Meeting held on 26th September 2016. No Commission is paid for the financial year 2016-17.

## Code of Conduct

In compliance with the Regulation 17 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Code of conduct and Ethics for the Board of Directors, officers and employees of the Company. The said Code of Conduct and Ethics is posted on the website of the Company: <http://www.gokaldasexports.com>. The code is circulated to all the members of the Board, Officers and Employees of the Company on an annual basis and compliance of the same is affirmed by them on or before 31st March of every year.

## DECLARATION ON CODE OF CONDUCT

To,

The Members  
Gokaldas Exports Limited,  
No. 16/2, Residency Road,  
Bengaluru- 560 025

This is to confirm that the Company has adopted "Gokaldas Exports Group Code of Conduct and Ethics" herein after referred as "Code of Conduct" for its employees including the officers and Board Members. In addition, the Company has adopted the Code of Conduct and Ethics for its Subsidiaries and Associate Companies.

The Code of Conduct is posted on the Company's website, <http://www.gokaldasexports.com>.

# CORPORATE GOVERNANCE REPORT

I hereby confirm that all the directors, officers and employees of the company have affirmed compliance to their respective Codes of Conduct and Ethics, as applicable to them for the financial year ended March 31 2017.

Place : Bengaluru

Date : August 14 2017

Richard B Saldanha  
Chairman

## Committees of the Board

In compliance with the Companies Act, 2013, Listing Agreements and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, 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:

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination & Remuneration Committee &
4. Corporate Social Responsibility Committee

### 1. Audit Committee

1.1 The Audit Committee of the Company is constituted in line with the requirements of the Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Section 177(1) of the Companies Act, 2013("Act").

#### Constitution of Audit Committee:

During the period under review, the Audit Committee of the Company consisted of Three members and all are Independent Directors with vast experience in Financial Management. The members of the Committee during the period under:

1. Mr. Arun K. Thiagarajan, Chairman
2. Mr. Jitendrakumar H. Mehta, Member
3. Ms. Smita Aggarwal, Member and

#### Meetings and attendance of Audit Committee Members during the financial year:

During the financial year ended March 31 2017, 5 (Five) Meetings of the Audit Committee were held on May 30th 2016, August 9th 2016, September 26th 2016, October 27th 2016 and February 3rd 2017. 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
Mr. Arun K. Thiagarajan	5	4
Mr. Jitendrakumar H. Mehta	5	5
Ms. Smita Aggarwal	5	3

#### Terms of Reference of the Audit Committee

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
- Recommending the appointment and removal of statutory auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with the statutory auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices;
  - Major accounting entries based on exercise of judgment by management;
  - Qualifications in draft audit report;
  - Significant adjustments arising out of audit;
  - Going concern assumption;
  - Compliance with accounting standards;

# CORPORATE GOVERNANCE REPORT

- Compliance with stock exchange and legal requirements concerning financial statements;
  - Any related party transactions as per Accounting Standard 18.
  - Reviewing the Company's financial and risk management policies.
  - Disclosure of contingent liabilities.
- Reviewing the Company's financial and risk management policies.
  - Disclosure of contingent liabilities.
  - Reviewing with the management, external and internal auditors, the adequacy of internal control systems
  - Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow-ups thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure or internal control systems of a material nature and reporting the matter to the Board.
  - Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 1.2 The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the secretary to the Audit Committee.

## 2. Stakeholders' Relationship Committee

The Stakeholders Relationship Committee of the Company is formed as per the Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. It consists of 3 members. Mr. Arun. K. Thiagarajan, Non-Executive and Independent Director is the Chairman of the Committee.

During the year under review, 2 (Two) meeting of the Stakeholders' Relationship Committee was held on August 9th 2016 and October 27th 2016 in compliance with the provisions of the Companies Act, 2013.

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Arun K. Thiagarajan, Chairman	2	2
Mr. Richard B Saldanha, Member	2	2
Mr. P. Ramababu, Member	2	2

The Stakeholders' Relationship Committee is primarily responsible for Redressal of shareholders'/investors'/ Security holders' grievances including complaints related to transfer of shares, non-receipt of declared dividends, annual reports etc.

The Committee is to examine and redress shareholders' and investors' complaints. The status of complaints and share transfers is reported to the Board.

The Company through its Registrar and Share Transfer Agents has resolved the investors' grievances/ correspondence at the earliest from the date of their receipt.

Monitoring implementation of the Company's code of Conduct for prohibition of Insider Trading.

The statistics of Shareholders complaints received / redressed, during the year under review is appended below:

No. of Shareholders complaints pending as at April 01 2016	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 2016 to March 31 2017	10
No. of Shareholders complaints resolved during the year April 01 2016 to March 31 2017	10
No. of Shareholders complaints pending as on March 31 2017	Nil

## Secretarial Audit for Reconciliation of Capital

A Secretarial Audit was carried out by Mr. Nagendra D. Rao, Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) 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

# CORPORATE GOVERNANCE REPORT

and CDSL. 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.

## 3. Nomination & Remuneration Committee

Nomination & Remuneration Committee ("the Committee") currently comprises of Four Directors of which three are Independent Directors

The Remuneration Committee met on May 30th 2016, August 9th 2016, October 27th 2016 and March 29th 2017 during the year 2016 -17.

The Board at its meeting held on May 30th 2016 reconstituted this Committee as Nomination and Remuneration Committee in Compliance with the provisions of the Companies Act, 2013 and as per the Regulation 19 of the SEBI (Listing obligations and Disclosure Requirements) Regulations 2015.

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Jitendrakumar H Mehta, Chairman	4	4
Mr. Arun K Thiagarajan, Member	4	4
Ms. Smita Aggarwal, Member	4	2
Mr. Mathew Cyriac, Member	3	2

### Terms of Reference:

To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board of their appointment and /or removal.

To carry out evaluation of Directors' performance.

To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

To formulate the criteria for evaluation of Independent Directors and the Board.

To recommend/review remuneration of the Managing Director(s) and Whole-Time Director(s) based on their performance and defined assessment criteria.

To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

To perform such other functions as may be necessary or appropriate for the performance of its duties including carrying out any other functions within its terms of reference as outlined in Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements ) Regulation's 2015 and section 178 of the Companies Act, 2013.

## 4. Corporate Social Responsibility Committee

Currently the Committee consists of (3) Three Directors chaired by Ms. Smita Aggarwal, an Independent Director.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy'.

## 5. Independent Directors Meet

In accordance with the provisions of the Companies Act, 2013, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-Independent Directors and members of management. Directors on the Board to abide by the provisions specified in Schedule IV of the Companies Act, which defines Code for Independent Directors. During the year, separate meeting of the Independent Directors of the Company was held on 27th March 2017.

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Jitendrakumar H Mehta	1	1
Mr. Arun K Thiagarajan	1	1
Ms. Smita Aggarwal	1	1

### Terms of the Meet

Review the performance of the Non-Independent Directors and Board as a whole and also the Chairperson of the Company to assess the quality, quantity and timely flow of information between the Company and management. Board needs to provide effective strategic direction to the Company and to direct on key decisions impacting the performance of the Company. To review the financial performance of the company and suggest corrective actions.

# CORPORATE GOVERNANCE REPORT

## Risk Management:

The Board reviews the Company's risk management practices and policies periodically. This includes comprehensive review of various risks attached to the company's business for achieving key objectives and actions taken to mitigate them. The Board reviews and advises on risk management aspects inter alia in the areas of leadership development, information security, project management and execution risks, contracts management risks, financial risks, forex risks and geopolitical risks.

## Subsidiary Companies' Monitoring Framework:

All the Company's subsidiaries are wholly owned subsidiaries with their Boards having rights and obligations to manage such Companies in the best interest of the stakeholders. The Company does not have any material unlisted subsidiary and hence is not required to nominate an independent Director of the Company on the Board of any subsidiary. The Audit Committee reviews the financial statements; in particular investments made by unlisted subsidiary companies, Minutes of the Board meetings of unlisted subsidiary companies are placed and reviewed periodically by the Company's Board. A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board.

## Disclosures

### Disclosures on materially significant related party transactions

The related party transactions during the year ended March 31 2017 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.

The company has received Notice VIDE reference no. EAD-2/DSR/PU/RG/12224/2016/1 dated April 28 2016 under Rule 4(1) of the Securities Contracts (Regulation) (procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 2005 read with Section 231 of Securities Contracts (Regulation) Act, 1956. The company has appropriately replied to the said notice

## Whistle Blower Policy

Pursuant to Section 177(9) of the Companies Act, 2013 and Listing Agreement and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, the Board has established a Vigilance Mechanism to report concerns about unethical behaviour, actual or suspected fraud or violation of our Code of Conduct or ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism and also allows direct access to the Chairperson of the Audit Committee in exceptional cases. We further affirm that no employee has been denied access to the Audit Committee.

## General Body Meeting

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

Financial Year	Day, date & Time	Location
2013-14	Monday, September 29 2014, 11.30 A.M	NIMHANS Conventional Hall, Hosur Road, Bangalore - 560 029
2014-15	Friday, September 18 2015, 3.00 P.M	Sri. Shivarathreeswara Centre, JSS Circle, 1st Main, 38th Cross, 8th Block, Jayanagar, Bangalore-560 070
2015-16	Monday, September 26 2016, 3.00 P.M	J N TATA Auditorium, National Science Symposium Complex, Sir C V Raman Avenue, Near Indian Institute of Science, Malleswaram, 18th Cross, Kodandarampura, Bengaluru - 560 012

# CORPORATE GOVERNANCE REPORT

## Special Resolutions passed during the last 3 Years

Date of AGM	Number of Special Resolutions	Details of Special Resolution passed
Monday, September 29 2014	2	Approval of Shareholders has been obtained for an amount of Rs. 500 Crores as borrowing powers over and above the aggregate of the paid up share capital and free reserves of the Company Consent of the Shareholders obtained to delegate such authority to any person or persons to hypothecate, mortgage, charge and /or in any other way encumber all or any movable and immovable assets of the Company.
Friday, September 18 2015	1	To appoint Mr. P. Ramababu, as Vice Chairman & Managing Director of the Company for 3 years with effect from 25th May 2015.
Monday, September 26 2016	2	Payment of remuneration to Non-Executive Directors including Independent Directors of the Company by way of Commission. Increase the remuneration of Mr. P. Ramababu – Vice Chairman & Managing Director with effect from 30th May 2016.

## Postal Ballot

The approval of the shareholders was sought through postal ballot for the below mentioned transactions pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules 2014 as on the date of this report.

Sl. No.	Type of Resolution	Particulars
1	Special Resolution	Transfer/Sale of land, Building and related assets pertaining to the Company's property at No.40/1-1 (Old No. 17/D) Industrial Suburb, Ward No.10, 1st and 2nd Stage, Mahalakshimpura, Yeshwanthpur, Bangalore.
2	Special Resolution	Transfer/Sale of land, Building and related assets pertaining to the company's property at Nacharam, Hyderabad.
3	Special Resolution	Transfer/Sale of land, Building and related assets pertaining to the Company's property at Plot NO.28D & 28E in Sy. No 318 & 51 in Belavadi Industrial Area, Belavadi Village, Kasaba Hobli, Mysore Taluk, Mysore District.
4	Special Resolution	Transfer/Sale of land, Building and related assets pertaining to the Company's property at, No.61, 1st Main, Industrial Suburb, IIInd Stage, Yeshwanthpur, Bangalore.

## Procedure of Postal Ballot

In compliance with Section 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the company provides electronic voting (e-voting) facility to all its members. The company engages the services of NSDL for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting

The company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members/list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.



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The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/ authorized officer. The results are also displayed on the Company website, [www.gokaldasexports.com](http://www.gokaldasexports.com) besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The last date for the receipt of duly completed Postal Ballot Forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

Details of Special Resolution is proposed to be conducted through postal Ballot – None.

#### **Additional Information**

1. The Company has applied for a Scheme of Amalgamation of 9 wholly owned subsidiary companies with the Company. The appointed date of amalgamation is April 1st, 2016. The Application is filed with Hon'ble National Company Law Tribunal on February 23rd 2017. The Company awaits necessary approvals for the merger to become effective
2. On March 31, 2017, Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd, promoter of the Company and Clear Wealth Consultancy Services LLP, Acquirer has entered into a Share Purchase Agreement for acquisition of 1,39,55,742 equity shares representing 39.94% of fully paid-up equity share capital of the Company at a price of Rs. 42/- (Rupees Forty Two Only) per equity share aggregating to Rs. 58,61,41,164/- (Rupees Fifty Eight Crore Sixty One Lakhs Forty One Thousand One Hundred Sixty Four only) payable in cash. The aforesaid transaction has triggered open offer obligation as per the SEBI (Substantial Acquisition of Shares and Takeovers) regulations, 2011. Consequently, the Acquirer along with Mathew Cyriac, Gazania Advisory LLP, Westex Infotech Private Limited and Gautham Madhavan (Collectively referred to as "PACs") has made an open offer to all the public shareholders of the Company for acquisition of up to 91,79,993 equity shares (Ninety One Lakhs Seventy Nine Thousand Nine Hundred and Ninety Three) representing 26% of the fully paid up equity share capital of the Company at a price of Rs. 63.25 (Rupees Sixty Three and Twenty Five Paise only) per equity share. Post the Open Offer Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd does not hold any equity shares in the Company effective 10th July, 2017 and the Acquirer along with the PACs shall be categorized as promoter and promoter group of the Company as per regulation 31A of SEBI LODR, 2015. In this connection, necessary amendments to the Articles of Association (AOA) and the Compliance requirements are being initiated.

#### **Insider Trading**

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, 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 48 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.

#### **Managing Director & Chief Financial Officer Certificate**

As required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certificate issued by the Managing Director and CFO on financial statements etc., is provided 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 Praja Vani (a regional daily published from Bengaluru). These were not sent individually to the shareholders. The quarterly and the annual results of the Company are e-mailed/online filing/and mailed to the stock exchanges on which the Company's shares are listed, immediately of closure of meeting of the Board of Directors.

#### **Investor Grievances and Share Transfer**

The Company has a Board level Stakeholders' Relationship 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 communicate with Karvy Computershare Private Limited, who are the 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:

<b>Annual General Meeting</b>	NIMHANS Conventional Hall, Hosur Road, Bangalore - 560 029 2.30 P.M - 26th September 2017
<b>Date of Book Closure</b>	September 21 2017 (Thursday) to September 26 2017 (Tuesday), (both days inclusive)
<b>Financial Results Calendar (tentative)</b>	Second week of August 2017 - Unaudited Results for the quarter and three months ended June 30 2017.
	Second week of November 2017- Unaudited Results for the quarter and six months ended September 30, 2017.
	Second week of February 2018 - Unaudited Results for the quarter and nine months ended December 31, 2017.
	Fourth week of May 2018 - Audited Results for the year ended March 31 2018
<b>Listing on Stock Exchanges</b>	National Stock Exchange of India Limited, Mumbai (Script Code - GOKEX) BSE Ltd, Mumbai (Script Code - 532630)
<b>International Securities Identification Number (ISIN)</b>	INE887G01027
<b>Corporate Identification Number (CIN)</b>	L18101KA2004PLC033475

## Compliance with Non-Mandatory Requirements

1. The Board: The Company does not maintain a separate office for non-executive Chairman. The independent directors have requisite qualification and experience to act as director on the Board.
2. Shareholders Rights: Quarterly results are published in widely circulating national and local daily newspapers such as the Financial Express and Praja Vani. These were not sent individually to the shareholders.
3. Audit Qualifications: The auditor report does not contain any qualification
4. Separate post of Chairman and Chief Executive Officer: The Company has separate persons to the post of Chairman and Managing Director.
5. Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

## Listing Fee

The Company has paid annual listing fees, as prescribed, to the National Stock Exchange of India Limited and BSE Limited, Mumbai for the Financial Year 2017-18.

## 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 2017-18 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on 31st March 2017.

## 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**

Karvy Selenium Tower, B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032.  
Phone : +91 40 44655000  
Fax : + 91 40 2342 0814  
E-mail: einward.ris@karvy.com, www.karvycomputershare.com  
Contact person: Ms. Shobha Anand / Mr. N Shiva kumar

# CORPORATE GOVERNANCE REPORT

## Share Transfer System:

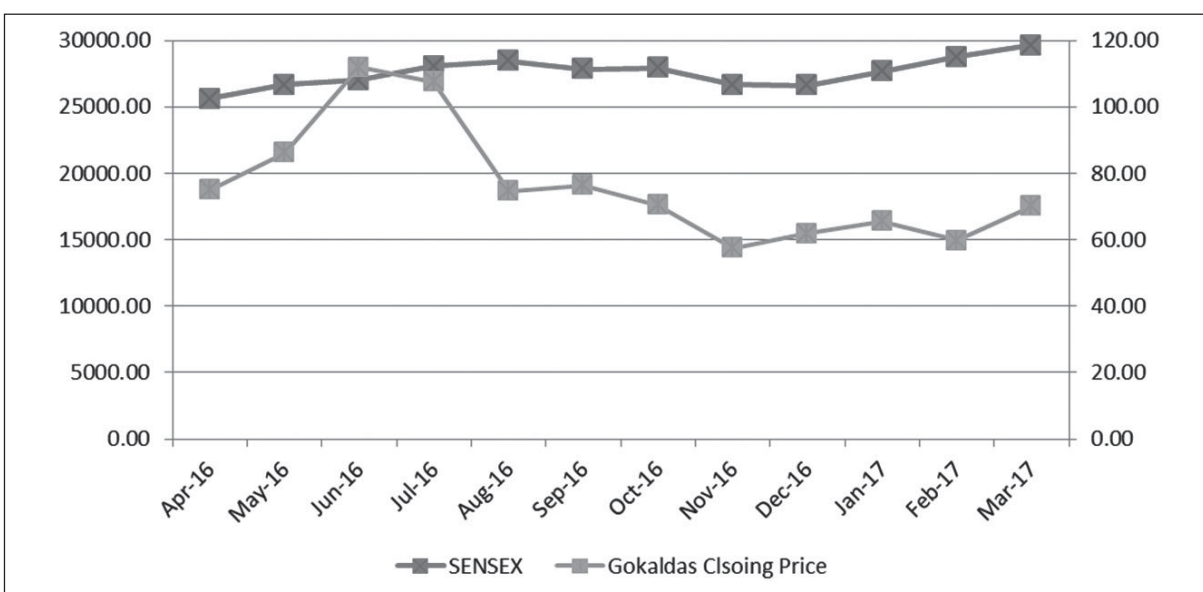
Shares sent for transfer in physical form are registered and dispatched within 15 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 15 days. Monitoring of Share Transfers and other investor related matters are dealt with by the Shareholders' 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 authorized 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 (CDSL).

## Stock price Data:

Month	BSE Limited (BSE)			National Stock Exchange of India Ltd (NSE)		
	High (Rs)	Low (Rs)	No of shares traded	High (Rs)	Low (Rs)	No of shares traded
April-16	77.90	73.55	74344	78.40	73.50	263248
May-16	86.15	84.05	546792	86.20	84.00	2206354
Jun-16	114.70	111.10	99658	114.80	111.55	262355
Jul-16	110.50	107.00	104598	110.35	107.05	363916
Aug-16	78.30	74.00	140529	78.45	74.00	444675
Sep-16	76.90	72.00	162591	76.95	72.05	412269
Oct-16	71.65	69.50	102872	71.60	69.05	251487
Nov-16	58.95	57.10	33358	59.00	57.00	167761
Dec-16	63.65	59.40	98362	63.70	59.25	308077
Jan-17	67.80	64.90	46678	67.95	64.80	129903
Feb-17	61.00	59.55	16442	61.00	59.50	119382
Mar-17	72.00	66.00	534721	71.80	65.75	2308404

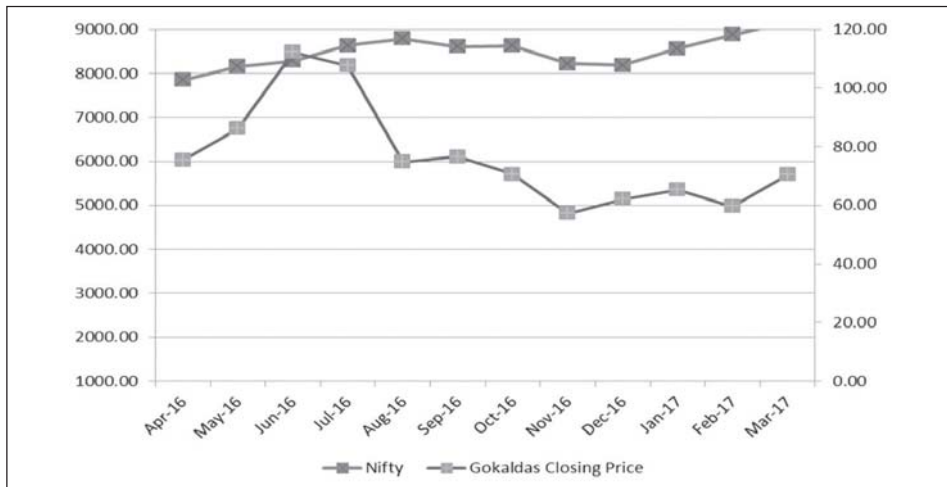
## Stock Performance:

BSE – S & P BSE SENSEX Vs Gokaldas Exports Share Price (Monthly Closing)



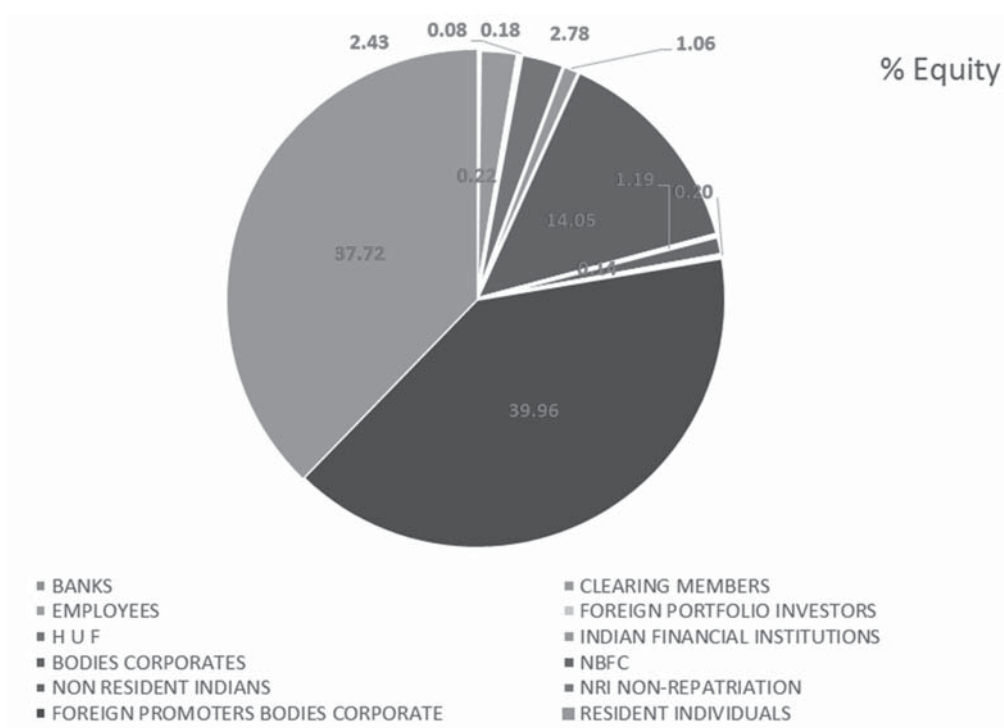
# CORPORATE GOVERNANCE REPORT

## NSE – NIFTY 50 V/s Gokaldas Exports Share Price (Monthly Closing)



## Shareholding Pattern as on March 31 2017:

Sl. No.	Description	No. of Shareholders	Total Shares	%Equity
1	Banks	2	75,951	0.22
2	Clearing Members	286	849,674	2.43
3	Employees	9	62,256	0.18
4	Foreign Portfolio Investors	1	27,847	0.08
5	H U F	834	970,270	2.78
6	Indian Financial Institutions	2	371,621	1.06
7	Bodies Corporates	482	4,907,588	14.05
8	NBFC	6	47,577	0.14
9	Non Resident Indians	279	415,165	1.19
10	NRI Non – Repatriation	99	68,218	0.20
11	Foreign Promoters Bodies Corporate	1	13,955,742	39.96
12	Resident Individuals	23743	13,175,753	37.72
	<b>Total:</b>	<b>25744</b>	<b>34,927,662</b>	<b>100.00</b>



# CORPORATE GOVERNANCE REPORT

## Top ten shareholders of the company as on March 31 2017

Sl. No.	DP Id	Client ID	Name of concern/ person	Shares	% Equity
1	IN301348	20015218	Blackstone FP Capital Partners (Mauritius) V- B Subsidiary Ltd.	133,955,742	39.96
2	IN302927	10137278	Shinano Retail Private Limited	1,413,513	4.05
3	IN302927	10121536	Ojasvi Trading Private Limited	8,67,000	2.48
4	IN300476	10545253	Chetan Jayantilal Shah	4,00,000	1.15
5	IN300476	10040825	Bhadra Jayantilal Shah	4,00,000	1.15
6	IN300476	10040809	Jayantilal Premji Shah	3,20,000	0.92
7	IN300812	10000012	Life Insurance Corporation of India	2,99,484	0.86
8	IN300812	10486954	Stock Holding Corporation of India Ltd- A/c NSE D	1,56,000	0.45
9	IN301143	10125314	Vandana Sehgal	1,41,875	0.41
10	67000	1206700000 000015	Vikson Securities Pvt Ltd	1,37,030	0.39

## Distribution of Shareholding on March 31 2017:

Sno	Category (Shares)	No. of Holders	% To Holders	Amount	% of Amount
1	1 - 5000	23,334	90.64	22,809,680	13.06
2	5001 - 10000	1,061	4.12	8,314,235	4.76
3	10001 - 20000	650	2.52	9,489,480	5.43
4	20001 - 30000	275	1.07	6,876,395	3.94
5	30001 - 40000	92	0.36	3,258,295	1.87
6	40001 - 50000	103	0.40	4,820,025	2.76
7	50001 - 100000	115	0.45	8,460,640	4.84
8	100001 and above	114	0.44	110,609,560	63.34
	<b>TOTAL:</b>	<b>25,744</b>	<b>100.00</b>	<b>174,638,310</b>	<b>100.00</b>

## Dematerialization of shares and Liquidity as on March 31 2017:

Sl. No.	Category	No. of Holders	Total Shares	% To Equity
1	PHYSICAL	41	619	0.00
2	NSDL	15,876	27,041,165	77.42
3	CDSL	9,827	7,885,878	22.58
	<b>Total:</b>	<b>25,744</b>	<b>34,927,662</b>	<b>100.00</b>

## No of Shares in Demat form as on March 31 2017

No of Shares	% of Shares	No of Shareholders	% of Shareholders
34927043	100.00	25703	99.98%

## Plant Location

### Sl. No. Address

- Carnival Clothing Co, (Unit of Madhin Trading Pvt Ltd) No.2/A-1, Chikkaveeranna Road Cross, Bannimantap Etn, Mysore – 15, Karnataka  
GSTIN:29AAECM0513H1ZQ
- Euro Clothing Co - I,  
(Unit of Seven Hills Clothing Pvt Ltd)  
No.122/1,Doddabidarakallu Village,  
Yeshwanthpur Hobli, Bangalore North Taluk,  
Bengaluru 560073, Karnataka  
GSTIN:29AAICS5775R1Z5

### Sl. No. Address

- Euro Clothing Company II,  
(Unit of Seven Hills Clothing Pvt Ltd) Katha  
No.620-628T.B.Road Srirangapatna,  
Mandya Dist.,571438, Karnataka  
GSTIN:29AAICS5775R1Z5
- Gokaldas Exports Ltd, R & D –I,  
No.68, Mission Road,  
Bengaluru -560 027,  
Karnataka  
GSTIN:29AACCG0895N1Z0

# CORPORATE GOVERNANCE REPORT

Sl. No. Address	Sl. No. Address
5. Gokaldas Exports Ltd – Unit II, SI No.1/1A, Vedanthangal Road, Kolambakkam Village, Maduranthagam Taluk, Kanchipuram District -603 308, Tamil Nadu	14. Indigo Blues, (Unit of Rafter Trading Pvt Ltd) Plot No-2, KIADB Industrial Area, Doddaballapur - 581 203, Karnataka GSTIN:29AACCR8415P1ZP
6. Gokaldas Exports Ltd Sez Division, Plot No.6/1, Phase - 2, Mepz - Sez, Tambaram, NH - 45, Chennai - 600 045, Tamil Nadu GSTIN:33AACCG0895N1ZB	15. J.D.Clothing Company, (Unit of Glamourwear Apparels Pvt Ltd) No.9, Rajajinagar Industrial Estate, Bengaluru - 560 010, Karnataka GSTIN:29AACCG2526L1ZG
7. Global Garments -Unit-I (Unit of Rishikesh Apparels Pvt Ltd) No.17/1-38/4 Industrial Suburb, Yeshwanthpur, Bengaluru-560 022, Karnataka GSTIN:29AACCR8718D1Z8	16. Luckytex-III, (Unit of Rajdin Apparels Pvt Ltd) No.19/A, (2&3),Raja Industrial Estate, Industrial Suburb, 2nd Stage, Tumkur Road, Bengaluru -560 022, Karnataka GSTIN:29AACCR8719C1Z9
8. Global Garments – Unit II (Unit of Rishikesh Apparels Pvt Ltd) Near Ring Road, Gubbi Gate Tumkur - 572 101, Karnataka GSTIN:29AACCR8718D1Z8	17. Sri Krishna Industries, (Unit of Reflexion Trading Pvt Ltd) No.25/26, 3rd Main Road,Industrial Suburb, Yeshwanthpur, Bengaluru -560 022, Karnataka GSTIN:29AACCR8416Q1ZM
9. Global Garments-III, (Unit of Rishikesh Apparels Pvt Ltd) No.44, 3rd Cross, Industrial Suburb, Yeshwanthpur, Bengaluru -560 022, Karnataka GSTIN:29AACCR8718D1Z8	18. Triangle Apparels – VI, (Unit of Seven Hills Clothing Pvt Ltd) # 25/26,3rd Main Road, Industrial Suburb, Yeshwanthpur, Bengaluru – 560 022, Karnataka GSTIN:29AAICS5775R1Z5
10. Gokaldas India (Unit of Gokaldas Exports Ltd) No.21C & 21B, SurveyNo.34,35,36 & 37, Nallakadarahanahalli, Peenya II Stage, Industrial Area, Peenya, Bengaluru -560 058, Karnataka GSTIN:29AACCG0895N1Z0	19. Venkateshwara Clothing Company – II (Unit of Rajdin Apparels Pvt Ltd) No.10, KHB, Colony Industrial Area, Yelahanka, Bengaluru - 560 064, Karnataka GSTIN:29AACCR8719C1Z9
11. Hinduja Processing & Finishing Unit, (Unit of Reflexion Trading Pvt Ltd) No.2, 5th Cross,Mysore Road, Bengaluru -560 023, Karnataka GSTIN:29AACCR8416Q1ZM	20. Wearcraft Apparels – I, (Unit of DeeJay Trading Pvt Ltd) No.17/1-38/4-1, Industrial Suburb, Yeshwanthpur, Bengaluru - 560 022, Karnataka GSTIN:29AACCD0487F1Z0
12. International Clothing Company – I (Unit of Magenta Trading Pvt Ltd) #B2, B3 & B4, Indl Estate, Madanapalli -517 325, Chittoor District, Andhra Pradesh GSTIN: 37AAECN0511F2ZY	21. The Wearwel I, (Unit of SNS Clothing Pvt Ltd) Industrial Estate N.H-206,Hindiskere Gate, Tiptur-572 201, Karnataka GSTIN:29AAICS5776NJ1ZC
13. International Clothing Company-II (Unit of Magenta Trading Pvt Ltd) Survey No.113, Hongasandra Village, Begur Hobli, (Near Bhandary Factory) 7th Mile, Hosur Road, Bengaluru -560 068, Karnataka GSTIN:29AAECM0511F1ZW	22. Gokaldas Exports Ltd – Unit I (Hassan) Plot No.119, KIADB Growth Centre, SH – 57, Hassan – 573 201, Karnataka GSTIN:29AACCG0895N1Z0
	23. Luckytex Unit I (Unit of Rajdin Apparels Pvt Ltd) No. 17/A-34/A-1, Industrial Suburb, Bengaluru, Karnataka GSTIN:29AACCR8719C1Z9
	24. Atlantic Apparels – II, (Unit of Gokaldas Exports Ltd) Plot No.28D & 28E, Belavadi Industrial Area, Mysore-570 018, Karnataka GSTIN:29AACCG0895N1Z0

## Address for Correspondence

Registered office:  
# 16/2, Residency Road Bengaluru – 560025  
Phones: 080-41272200  
Email: investorcare@gokaldasexports.com  
Website : www.gokaldasexports.com

## Registrar and Transfer Agent:

Ms. K. Shobha Anand,  
Assistant General Manager  
Karvy Computershare Private Limited  
(Unit: Gokaldas Exports Limited)  
Karvy Selenium Tower, B, Plot 31-32,  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032.  
Phone : 040-6716 1559



# CORPORATE GOVERNANCE REPORT

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## MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION

To  
The Board of Directors  
Gokaldas Exports Ltd

- 1) We have reviewed financial statements (standalone and consolidated) and the cash flow statement for the year ended 31st March 2017 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omission any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- 3) 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 listed entity pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies if any in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or purpose to take to rectify these deficiencies.
- 4) We have indicated to the Auditors and the Audit Committee:
  - Significant changes in Internal Control over Financial Reporting if any during the year;
  - Significant changes in Accounting Policies if any during the year and that the same have been disclosed in the notes to the financial statements; and
  - Instances of significant fraud if any of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's Internal Control System over Financial Reporting.

For Gokaldas Exports Limited

Place: Bengaluru  
Date: August 14 2017

P. Ramababu  
Vice Chairman & Managing Director  
(DIN: 00149649)

Sathyamurthy A  
Chief Financial Officer

# CORPORATE GOVERNANCE REPORT

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## **Auditor's Certificate on compliance with the condition of Corporate Governance**

To

The Members of  
Gokaldas Exports Limited

We have examined all relevant records of Gokaldas Exports Limited ("the Company") for the purpose of certifying compliance of conditions of Corporate Governance under Chapter IV read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 for the financial year ended on March 31st 2017.

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 as stipulated in the said Clause / Regulations.

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 Chapter IV read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

We further state that this certificate 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 : Bengaluru  
Date : August 14 2017

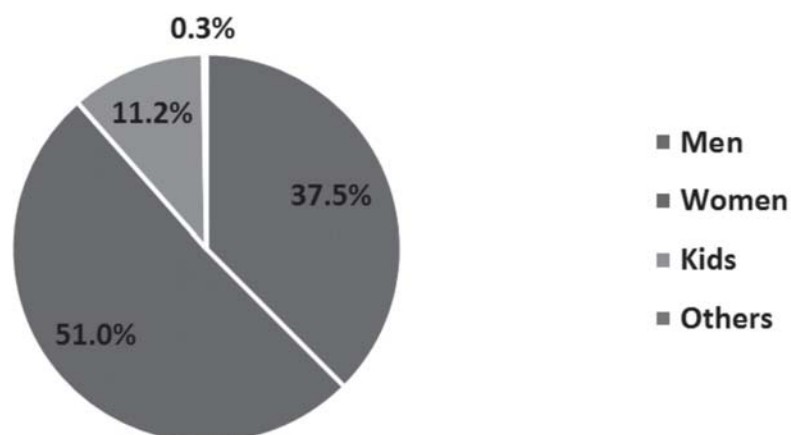
# MANAGEMENT DISCUSSION AND ANALYSIS

## Introduction

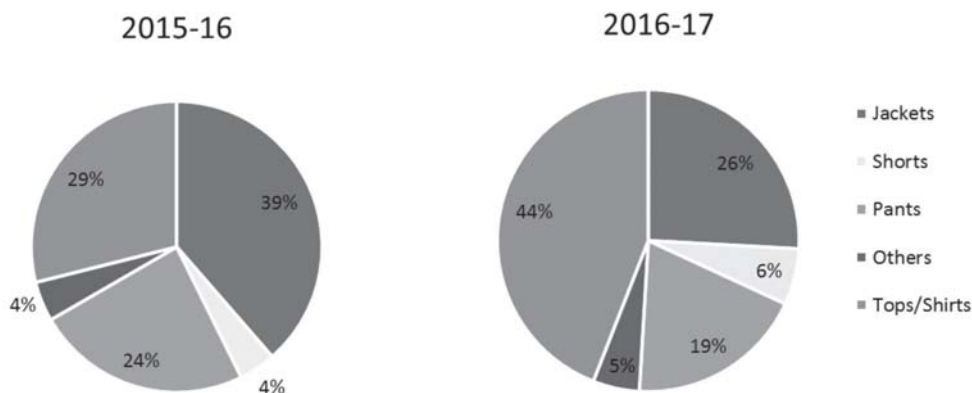
Gokaldas Exports Limited (GEL), one of the leading apparel exporters in India, has been supplying garments to large global retailers since its inception in the year 1978. The company operates predominantly in Karnataka with a few operation facilities in the neighbouring Andhra Pradesh and Tamil Nadu. GEL, once concentrated in the traditional belt in Bangalore (Yeshwantpur) is now consciously moving away to Zone 2 and 3 of Karnataka and the neighbouring states of Andhra Pradesh and Tamil Nadu.

GEL continues to stay focused in the traditionally strong areas where skilled workers are in abundance supply for the production of complex garments. However, it is embarking on ambitious program of consolidating smaller factories into larger factories and simultaneously moving away from high cost zone to low cost zones over the next couple of years.

GEL has got diversified product portfolio and versatilities in the product profile with the global trends. GEL, once upon a time a highly outerwear driven company, has now moved into multi products such as tops and bottoms for women, men and kids garments, thus reducing the over dependence on the few traditional products such as outerwear. The chart below depicts various categories catered to by GEL:



The following graph shows the product mix for the last two years. GEL is focusing on high margin products viz. tops and Shirts. The share of business from tops & shirts has increased from 29% in 2015-16 to 44% in 2016-17. Below exhibit illustrates the wide range of products manufactured by the company to meet customer needs and continuously build upon its capabilities to cater to the changing market requirements.



## Industry Scenario

The global apparel retail market is valued at USD 1.3 trillion with EU (32%), US (20%), China (14%), Japan (10%) contributing to 75% of the market. India contributed about 5% of the global apparel exports in 2016. India's apparel exports are expected to increase considerably. Ready-made garments (RMG) exports from India stood at US\$ 17.36 billion in FY 2016-17.

The business continues to be highly competitive and also the competition across the borders due to the very nature of the trade being global. Our competition, not only confined to efficient players in India, but also with neighbouring low cost manufacturing countries such as Vietnam, Bangladesh, etc.

US being the largest in the world for apparel market most supplier countries are looking at good market share in US. India's export to US has remained stable in CY16, while there is a significant drop in export of key players like China,

## MANAGEMENT DISCUSSION AND ANALYSIS

Bangladesh & Indonesia to US.

As shown in the below table, the total value of apparel exports to the US has decreased by 5% during the same period.

USA Apparel Imports from Key countries				Values in USD Million	
Country	CY 2015	CY 2016	YoY Growth CY 2015	Market Share in CY 2015	Market Share in CY 2016
China	30,541	27,922	-9%	36%	33%
Vietnam	10,564	10,808	2%	12%	13%
Bangladesh	5,401	5,306	-2%	6%	6%
Indonesia	4,938	4,706	-5%	6%	6%
<b>India</b>	<b>3,665</b>	<b>3,640</b>	<b>-1%</b>	<b>4%</b>	<b>5%</b>
Total	85,165	80,714	-5%	100%	100%

\*Source- Ministry of Commerce, US. Government

While US decision to leave the Trans-Pacific Partnership (TPP) means that the fast paced growth in Vietnam sourcing will likely to slow, there will be a change in the sourcing trend from China, Vietnam to other destinations and will have a level playing field.

Bangladesh has slipped down from fifth position to its current seventh position this year as a 'preferred sourcing destination' for the US apparel retailers, as per recent study due to compliance and quality issue.

The volatility in the market and currencies particularly strengthening of the rupees affects the Indian apparel market and the trend continues to be the same. Indian apparel industry continues to be getting a fair share from the international trade compared to last year. However, the margins are lowering year on year, expecting the industry to perform higher and better in efficiencies.

### India:

The apparel sector provides employment to 12.3 million people as of 2016-17 and produces 3.6 million tonnes (MT) of apparel and garments. Government of India (GOI) – Ministry of Textiles has implemented a major textile policy initiative during the financial year to promote the apparel exports. Industry highlights are given below:

The new policy besides generating employment potential in the rural India will make Indian apparel industry competitive due to its supports in the following areas:

Special Package for job creation and Export Promotion in made-ups sector within the approved budget of Rs 6,006 Crores to create 11 lakh jobs over the next three years attracts investment of USD 11 billion and generates US 30 billion in exports.

- Enhancing of the Technology Upgradation Fund Scheme(TUFS) – subsidy of additional 10% based on additional production and employment after 3 years
- Extension of the Pradhan Mantri Paridhan Rozgar Protasahan Yojana (PMPRPY) Scheme for providing additional 3.67% share of Employer's contribution in addition to 8.33% already covered under the PMPRY for all employees enrolling in the EPFO for the first three years of their employment.
- Extension of Rebate of State Levies (ROSL) – Scheme for enhanced Duty Drawback on exports made-ups.
- Simplification of Labour Laws
  - Increasing permissible overtime up to 100 hours per quarter and making employees contribution to EPF optional for employees earning less than Rs 15,000 per month,
  - Introduction of fixed term employment – considering the season nature of the industry.

The above are in addition to the:

- Interest subvention scheme of 3% on all Rupee denominated pre and post shipment credit
- Enhanced duty drawback capping
- 2% export benefit on all exports to notified countries

Apart from the above, each state in India offers additional incentives for industrial projects. Some of the states also

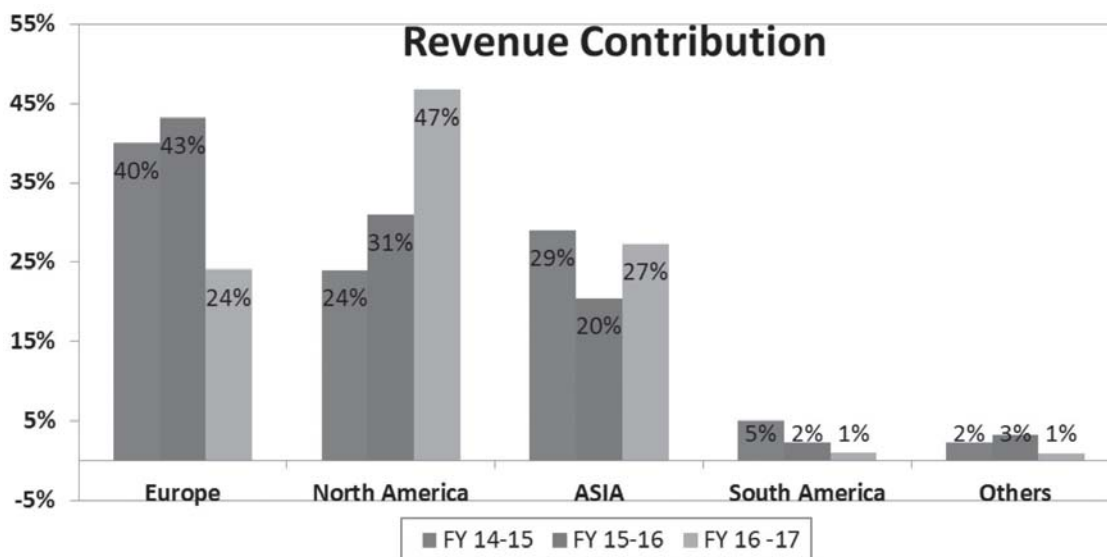
## MANAGEMENT DISCUSSION AND ANALYSIS

have separate policies for the textiles sector.

Incentives are in areas like subsidized land cost, relaxation in stamp duty exemption on sale/lease of land, power tariff incentives, concessional rates of interest on loans, investment subsidies/tax incentives, backward areas subsidies and special incentive packages for mega projects.

GEL's geo-wise revenue share is in line with the company strategy. The share of revenue from North America and Asia has increased over last year and share from Europe has declined significantly, due to loss of one of the major customers during the year.

GEL's revenue share from various geographical locations in 2014-15, 2015-16 and 2016-17 is shown below:



### Opportunities and Challenges

India's textile industry is one of the leading textile industries in the world, exporting to over 100 countries. It is a significant contributor to India's overall export earnings and employs over 45 million people directly, making it the second largest source of employment after agriculture in the country.

India's apparel exports grew 4% YoY in 2016-17. With a market share of ~5% of global apparel trade, India has an enormous opportunity to grow.

Some strategic advantages are listed below -

- Large fibre base: it is the 3rd largest cotton producing country in the world (second only to US and China)
- Second largest cotton yarn exporter
- Large pool of skilled labour
- Design and product development capabilities
- Integrated and efficient supply chain
- Higher compliance standards as compared to some of the Asian counterparts
- Stable political and social environment which is attractive to buyers in North America and Europe
- Growing domestic demand - rising income levels, changing life styles, rapid urbanization and increase of female population in the work force

Further, rising wage costs in China and quality related issues and the recent disturbance in Bangladesh could lead to customer migration to India.

However above opportunities are coupled with challenges stemming from macroeconomic forces. Some challenges that the apparel industry in India continues to face are-

- Uncertain demand from certain parts of western countries
- Pricing pressures at retail level and hence across the value chain
- Rising wage costs on account of minimum wage increase and reduced availability of skilled labour

# MANAGEMENT DISCUSSION AND ANALYSIS

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- Currency risk – while the currency of many of the exporting countries depreciated over 7 to 13% while INR has strengthened by almost 6%
- Britain’s decision to exit the EU
- GST implementation and consequently the notification of new export benefits scheme

## **Key Focus Areas**

Key focus areas for the company focused towards growth:

- Focus on profitable growth by increasing share of business with existing customers as well as focus on developing new strategic customers and Europe Market ( Gain back lost market)
- Increase presence in outer wear, kids wear and explore lounge wear.
- Increase presence in Knits.
- Consolidating/merging factories into larger factories in the existing location.
- Expansion into most competitive areas such as Andhra Pradesh with setting up four more factories in next two years,
- Technological up gradation and environmental friendly processes to set up green factories in course of time.
- Diversify geographic footprint

## **Key focus areas for improving profitability:**

- Cost structure reduction. Positioning our self by rationalising the cost structure and winning the orders.
- Rationalise and gain customer account and increase our share of business. Efforts are on to procure and secure the order.
- Productivity improvement to reach low cost and Moving from highly competitive locations to Andhra Pradesh by setting up four factories in next two years.
- Upgradation of skill
- Technology upgradation
- Social and environmental friendly process both in terms of manufacturing and people
- Highly compliance oriented environment
- Most modern outlook in the management thought and action in line with the emerging industry demands.

## **Risks and concerns**

As an export driven enterprise with more than 80% revenues being denominated in USD/EURO, we are exposed to currency fluctuation risks. 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 adverse impact on the profitability of the company. Further, there could be pricing pressure from customers in the current macroeconomic scenario.

Any change in government policies which adversely impacts us may hurt our competitiveness.

Change in government policies of competitive countries favouring 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 function 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 has appointed independent internal auditors, who monitor and review transactions independently and report directly to the Audit Committee, which consists of entirely independent directors, on quarterly basis. The Internal Auditors conduct audit on all key business areas as per 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 are reviewed by the Board.



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.

### Financial Highlights

The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and generally accepted accounting principles (GAAP) in India. The management accepts the responsibility for the integrity and objectivity of these financial statements and the basis for the various estimates and judgments used in preparing the financial statements.

Some of the key performance indicators are given below

Particulars (Consolidated)	Rs in Lacs	
	2016-17	2015-16
Gross Revenue	96,065	117,513
Profit Before Tax ( PBT)	(4,422)	5,332
PBT to Gross Revenue (%)	-	4.5%
Profit After Tax	(4,911)	6,134
PAT to Gross Revenue (%)	-	5.2%
Earnings Per Share ( EPS) Rs.	(14.0)	18.0

The decline in revenue in FY 17 was mainly due to loss of business from a key export customer and delay in onboarding operations of a large new customer, which was stabilized in the last two quarters. The company continues its efforts in acquiring new customers and expand the scope of operations with the existing customers.

### Human Resources

The impending wage revisions in Karnataka on the national wage policy being proposed by the central government for ensuring higher minimum wage across the country is uniform, the apparel industry cannot absorb such minimum wages to continue to be in the global trade. The challenges the industry is facing today is high attrition, low skills and demand for higher wages. Industrial relations continue to be positive in the Indian industry except a few rare occasions.

### 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.*

# INDEPENDENT AUDITOR'S REPORT

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## To the Members of Gokaldas Exports Limited

### Report on the Financial Statements

We, Girish Murthy & Kumar and S.R. Batliboi & Associates LLP, have audited the accompanying standalone financial statements of Gokaldas Exports Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

## INDEPENDENT AUDITOR'S REPORT

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2. As required by section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;
  - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. The Company has provided requisite disclosures in Note 39 to these standalone financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 000934S

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

Place: Bengaluru  
Date: May 19, 2017

**for S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102

Place: Bengaluru  
Date: May 19, 2017

# ANNEXURE TO AUDITORS' REPORT

## ANNEXURE 1 REFERRED TO IN CLAUSE 1 OF PARAGRAPH ON REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS 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 the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, provisions of section 186 of the Act in respect of loans and advances given, investments made and guarantees and securities given have been complied with by the Company. There are no loans given to directors including entities in which they are interested in respect of which provisions of section 185 of the Act are applicable and hence not commented upon.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act for the products/services of the Company.
- vii. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, , service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of statute	Nature of dues	Demand Amount (Rs. in lakhs)	Amount paid (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Various disallowances	278.43	253.43	AY 1995-96	Income Tax Appellate Tribunal
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Penal interest etc.	30.05	5.00	June to August 2008	Employees Provident Fund Tribunal

- viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to bank during the year. The Company did not have any outstanding dues in respect of a financial institution, debenture holders or to government during the year.
- ix. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer and debt instruments and utilized the term loan for the purpose for which it was raised.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

## ANNEXURE TO AUDITORS' REPORT

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- xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 0009345

**per A.V. Satish Kumar**  
Partner  
Membership No: F- 26526  
Place: Bengaluru  
Date: May 19, 2017

**for S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102  
Place: Bengaluru  
Date: May 19, 2017

# ANNEXURE TO AUDITORS' REPORT

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## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF GOKALDAS EXPORTS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We, Girish Murthy & Kumar and S.R. Batliboi & Associates LLP, have audited the internal financial controls over financial reporting of Gokaldas Exports Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



# ANNEXURE TO AUDITORS' REPORT

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## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 0009345

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

Place: Bengaluru  
Date: May 19, 2017

**for S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102

Place: Bengaluru  
Date: May 19, 2017

# BALANCE SHEET AS AT MARCH 31, 2017

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2017	March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3	1,746.38	1,739.47
Reserves and surplus	4	15,158.10	19,543.63
		<b>16,904.48</b>	<b>21,283.10</b>
<b>Share application money pending allotment</b>			
		<b>1.61</b>	-
<b>Non- current liabilities</b>			
Long-term borrowings	5	-	-
Long-term provisions	6	454.06	271.99
		<b>454.06</b>	<b>271.99</b>
<b>Current liabilities</b>			
Short term borrowings	7	34,026.45	31,304.91
Trade payables	8		
total outstanding dues of micro enterprises and small enterprises		45.44	41.02
total outstanding dues of creditors other than micro enterprises and small enterprises		9,292.81	10,370.55
Other current liabilities	8	5,082.42	8,005.42
Short term provisions	6	573.39	1,186.09
		<b>49,020.51</b>	<b>50,907.99</b>
		<b>66,380.66</b>	<b>72,463.08</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, Plant and Equipment	9	8,924.88	9,070.83
Intangible assets	9	98.59	85.47
Capital work-in-progress		90.04	247.64
		<b>9,113.51</b>	<b>9,403.94</b>
Non-current investments	10	2,890.46	2,890.62
Deferred tax asset (net)	11	685.15	959.42
Long-term loans and advances	12	2,528.89	3,351.85
Other non-current assets	13	753.64	735.78
		<b>15,971.65</b>	<b>17,341.61</b>
<b>Current assets</b>			
Inventories	14	18,658.40	19,384.11
Trade receivables	15	7,768.81	7,984.64
Cash and bank balances	16	17,395.28	20,917.54
Short-term loans and advances	12	954.39	1,578.51
Other current assets	13	5,632.13	5,256.67
		<b>50,409.01</b>	<b>55,121.47</b>
		<b>66,380.66</b>	<b>72,463.08</b>
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 0009345

**per A.V. Satish Kumar**  
Partner  
Membership No. F-26526  
Place: Bengaluru  
Date: May 19, 2017

**for S R Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102  
Place: Bengaluru  
Date: May 19, 2017

**For and on behalf of the  
Board of Directors  
Gokaldas Exports Limited**

**Richard B Saldanha**  
Chairman  
DIN No. 00189029

**Padala Ramababu**  
Vice Chairman & Managing Director  
DIN No. 00149649

**Sathyamurthy A**  
Chief Financial Officer

**Ramya Kannan**  
Company Secretary  
Place: Bengaluru  
Date: May 19, 2017

# STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED MARCH 31, 2017

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2017	March 31, 2016
<b>INCOME</b>			
Revenue from operations (gross)	17	91,915.96	112,296.09
Less: excise duty		455.19	25.67
<b>Revenue from operations (net)</b>		<b>91,460.77</b>	<b>112,270.42</b>
Other income	18	2,793.45	2,826.10
<b>Total Revenue</b>		<b>94,254.22</b>	<b>115,096.52</b>
<b>EXPENSES</b>			
Cost of materials consumed	19	48,256.22	59,832.28
(Increase) / decrease in inventories of finished goods and work-in-progress	20	31.18	(291.56)
Employee benefits expense	21	10,475.22	12,183.35
Other expenses	22	34,815.11	36,813.88
Depreciation and amortisation expense	23	1,722.31	2,046.34
Finance costs	24	3,635.99	3,946.32
		<b>98,936.03</b>	<b>114,530.61</b>
Profit / (Loss) before exceptional items and tax		(4,681.81)	565.91
Exceptional items	25	-	4,541.81
<b>Profit / (loss) before tax</b>		<b>(4,681.81)</b>	<b>5,107.72</b>
<b>Tax expense:</b>			
Adjustment of tax relating to earlier years		41.81	-
Deferred Tax charge / (credit)		274.27	(959.42)
		<b>316.08</b>	<b>(959.42)</b>
<b>Net Profit / (loss) for the year</b>		<b>(4,997.89)</b>	<b>6,067.14</b>
Earnings per equity share [nominal value per share : Rs. 5 (2016 - Rs. 5)]			
Basic		(14.32)	17.48
Diluted		(14.07)	17.18
Weighted average number of shares used in computing basic earning per equity share		34,894,492	34,701,118
Weighted average number of shares used in computing diluted earning per equity share		35,518,623	35,314,246
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements.

As per our report of even date

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 0009345

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

Place: Bengaluru  
Date: May 19, 2017

**for S R Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102

Place: Bengaluru  
Date: May 19, 2017

**For and on behalf of the  
Board of Directors  
Gokaldas Exports Limited**

**Richard B Saldanha**  
Chairman  
DIN No. 00189029

**Padala Ramababu**  
Vice Chairman & Managing Director  
DIN No. 00149649

**Sathyamurthy A**  
Chief Financial Officer

**Ramya Kannan**  
Company Secretary

Place: Bengaluru  
Date: May 19, 2017

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

*All amounts in Indian Rupees in lakhs, except stated otherwise*

PARTICULARS	March 31, 2017	March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit / (loss) before tax	(4,681.81)	5,107.72
Adjustments		
Depreciation and amortisation expense	1,722.31	2,046.34
Provision for doubtful deposits and advances	203.99	18.40
Irrecoverable balances written off	44.70	208.23
Bad debts written off	175.40	273.26
Provision for doubtful debts	102.62	489.61
Interest expense	2,912.08	3,235.87
Capital work in progress written off	-	136.23
Unrealised foreign exchange (gains) /loss, (net)	57.08	(90.02)
(Profit)/Loss on sale of assets (net)	(7.82)	(9.97)
Excess provision of earlier years written back	(212.34)	(114.54)
Interest earned	(1,009.35)	(1,196.79)
Exceptional items	-	(4,541.81)
<b>Operating profit before working capital changes</b>	<b>(693.14)</b>	<b>5,562.53</b>
(Increase)/decrease in inventories	725.71	1,480.54
(Increase)/decrease in trade receivables	(337.14)	(1,291.37)
(Increase)/decrease in other current assets	50.09	3,706.89
(Increase)/decrease in long-term loans and advances	746.03	(959.20)
(Increase)/decrease in short-term loans and advances	(18.98)	(365.78)
Increase/(decrease) in trade payables	(436.56)	350.11
Increase/(decrease) in other current liabilities	69.06	(41.89)
Increase/(decrease) in long term provisions	182.07	(6.92)
Increase/(decrease) in short term provisions	(612.70)	191.54
<b>Cash Generated from / (used in) Operations</b>	<b>(325.56)</b>	<b>8,626.45</b>
Direct taxes paid (net of refunds)	(91.44)	(182.99)
<b>Net cash flow from operating activities</b>	<b>(417.00)</b>	<b>8,443.46</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets, including CWIP and capital advances	(1,175.55)	(702.61)
Proceeds from sale of fixed assets	47.74	4,343.25
Deposits redeemed (maturity more than 3 months)	15,559.56	15,532.21
Deposits made (maturity more than 3 months)	(13,039.11)	(28,935.13)
Proceeds from sale of current investment	-	1,045.00
Interest received	1,240.60	387.48
<b>Net Cash Flow from / (used in) investing activities</b>	<b>2,633.24</b>	<b>(8,329.80)</b>

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Indian Rupees in lakhs, except stated otherwise

PARTICULARS	March 31, 2017	March 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of equity share capital	46.21	64.80
Repayment of long-term borrowings	(3,041.96)	(1,840.04)
Proceeds from short-term borrowings	74,148.65	98,776.96
Repayment of short-term borrowings	(71,427.11)	(93,282.32)
Unclaimed dividend transferred to Investor education and protection fund	-	(0.15)
Interest paid	(2,925.98)	(3,281.05)
<b>Net cash flow used in financing activities</b>	<b>(3,200.19)</b>	<b>438.20</b>
<b>D. Net increase in cash and cash equivalents (A+B+C)</b>	<b>(983.95)</b>	<b>551.86</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>5,463.54</b>	<b>4,911.68</b>
<b>F. Cash and cash equivalents at the end of the year</b>	<b>4,479.59</b>	<b>5,463.54</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	14.45	109.45
Balance with banks :		
-- in current accounts	4,465.14	5,354.09
<b>Total</b>	<b>4,479.59</b>	<b>5,463.54</b>
Summary of significant accounting policies	2.1	

As per our report of even date

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 0009345

**per A.V. Satish Kumar**  
Partner  
Membership No. F-26526  
Place: Bengaluru  
Date: May 19, 2017

**for S R Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102  
Place: Bengaluru  
Date: May 19, 2017

**For and on behalf of the  
Board of Directors  
Gokaldas Exports Limited**

**Richard B Saldanha**  
Chairman  
DIN No. 00189029

**Padala Ramababu**  
Vice Chairman & Managing Director  
DIN No. 00149649

**Sathyamurthy A**  
Chief Financial Officer

**Ramya Kannan**  
Company Secretary  
Place: Bengaluru  
Date: May 19, 2017

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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*(All amounts in Indian Rupees in lakhs, except stated otherwise)*

## 1. Corporate Information

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 ('the Act'). 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 had 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 a public company domiciled in India and its shares are listed on two stock exchanges in India. 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.

## 2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. 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 and derivative financial instruments which have been measured at fair value.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

### 2.1 Summary of Significant accounting policies

#### a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods.

#### b) Revenue recognition

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

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

Export incentives are recognized on accrual basis in accordance with the applicable schemes formulated, by the Government of India and where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

Revenues from job work contract are recognized as and when services are rendered.

Dividend income on investments is accounted when the right to receive the dividend is established as at reporting date.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Insurance / other claims are recognized on acceptance basis.

#### c) 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 the Company Law and other regulatory requirements.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

Based on the recognition and measurement principles of hedge accounting set out in AS 30, the effective portion on 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 statement of profit and loss upon the occurrence of the hedged transaction. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the statement of profit and loss. Changes in fair value relating to derivatives not designated as hedges are recognized in the statement of profit and loss.

Hedge Accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in hedging reserve is transferred to statement of profit and loss when forecasted transaction occurs or when a hedged transaction is no longer expected to occur.

### d) Property, plant and equipment (PPE) and Intangible assets and Depreciation / amortization

Property, plant and equipment and intangible assets are stated at cost (or revalued amounts, as the case may be) less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized. The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

Depreciation is provided using the written down value method as per the useful lives of the assets estimated by the management with residual value at 5%, which is equal to the corresponding rates prescribed under schedule II of the Companies Act, 2013.

	Estimated useful life (in years)
Buildings	30
Plant & Machinery	15
Electrical Equipments	10
Office Equipments	5
Furniture & Fixtures	10
Computers	3
Vehicles	8
Computer software (Intangibles)	2.5

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower which ranges between 5 to 10 years.

Intangible assets comprising Know-how (Process improvement costs) are amortized over 36 months.

### e) Borrowing Costs

Borrowing costs includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs attributable to acquisition and construction of qualifying assets that necessarily takes substantial period of time to get ready for its intended use are capitalized as a part of the cost of such asset. All other borrowing costs are expensed in the period they occur.

### f) Impairment of property, plant and equipment and intangible assets

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

*(All amounts in Indian Rupees in lakhs, except stated otherwise)*

## **g) Inventories**

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

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

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

## **h) Foreign currency transactions**

### **(i) Initial Recognition**

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

### **(ii) Conversion**

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

### **(iii) Exchange Differences**

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

## **i) Government Grants and subsidies**

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

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

## **j) Investments**

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged / credited to statement of profit and loss.

## **k) Retirement and Other Employee Benefits**

### **(i) Defined Contribution Plans:**

Contributions to provident fund are made at pre-determined rates and charged to the statement of profit and loss for the year when the employee renders the services. The Company has no obligation, other than the contribution payable to the provident fund.

### **(ii) Defined Benefit Plans:**

Gratuity liability is accrued in the books based on actuarial valuation on projected unit credit method as at reporting date. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred.

### **(iii) Compensated absences:**

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

*(All amounts in Indian Rupees in lakhs, except stated otherwise)*

term employee benefit. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the basis of an actuarial valuation using the projected unit credit method at the year end. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

### **l) Taxation**

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax asset is recognised only to the extent that it has timing differences the reversal of which will result in sufficient income or there is other convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

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

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

Minimum Alternative Tax ('MAT') credit is recognised, as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each reporting date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

### **m) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share - based Payments, issued by the Institute of Chartered Accountants of India. The Company accounts for stock compensation expense based on the intrinsic value of the options granted, determined on the date of grant. Compensation expense is amortized over the vesting period of the option on a straight - line basis. The accounting value of the options outstanding net of the Deferred Compensation Expense is reflected as Employee Stock Options Outstanding.

### **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 statement of profit and loss 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 reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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*(All amounts in Indian Rupees in lakhs, except stated otherwise)*

## **p) Segment Reporting Policies**

### **(i) Identification of segments:**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and services different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

### **(ii) Basis of allocation:**

Assets, liabilities, income and expenditure are allocated to each segment according to the relative contribution of each segment to the total amount. Unallocated items include general corporate items, which are not allocated any segment.

### **(iii) Segment Policies:**

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

## **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) Contingent Liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the controls of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

## **s) Cash and Cash equivalents**

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

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>3 SHARE CAPITAL</b>		
Authorised shares 40,000,000 (2016: 40,000,000) equity shares of Rs. 5 each	2,000.00	2,000.00
Issued, subscribed and fully paid-up 34,927,662 (2016 : 34,789,326) equity shares of Rs. 5 each	<u>1,746.38</u>	<u>1,739.47</u>
	<u><b>1,746.38</b></u>	<u><b>1,739.47</b></u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	31 March 2017		31 March 2016	
	No.	Amount	No.	Amount
At the beginning of the year	34,789,326	1,739.47	34,594,332	1,729.72
Add : issued during the year - ESOP	138,336	6.91	194,994	9.75
Outstanding at the end of the year	34,927,662	1,746.38	34,789,326	1,739.47

(b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 5 per share. Each holder of equity is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Equity shares	31 March 2017		31 March 2016	
	No.	Amount	No.	Amount
Holding company :				
Blackstone FP Capital Partners (Mauritius)	13,955,742	697.79	19,983,742	999.19
V-B Subsidiary Limited				

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

Equity shares	31 March 2017		31 March 2016	
	No.	Shareholding %	No.	Shareholding %
Blackstone FP Capital Partners (Mauritius)	13,955,742	39.96%	19,983,742	57.44%
V-B Subsidiary Limited, Holding company				

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 38.

# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>4 RESERVES AND SURPLUS</b>		
<b>Capital reserves</b>		
Capital reserve (on amalgamation) balance as per last financial statements	9,751.19	9,751.19
<b>Securities Premium Reserve</b>		
Balance as per last financial statements	13,835.86	13,780.81
Addition on ESOP's exercised	37.69	55.05
Balance as at year end	13,873.55	13,835.86
<b>General Reserve</b>		
Balance as per last financial statements	2,192.09	2,192.09
<b>Hedging Reserve</b>		
Balance as per last financial statements	474.60	969.06
Changes during the year :		
Transferred to statement of profit and loss on occurrence of forecasted hedge transaction	(474.60)	(969.06)
Net changes in the fair value of effective portion of outstanding cash flow derivatives	1,049.27	474.60
	1,049.27	474.60
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statements	(6,710.11)	(12,777.25)
Profit / (loss) for the year	(4,997.89)	6,067.14
Net deficit in the statement of profit and loss	(11,708.00)	(6,710.11)
	<b>15,158.10</b>	<b>19,543.63</b>

## 5 LONG-TERM BORROWINGS

	Non-current		Current Maturities	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Term loans (secured) :				
Indian Rupee loan from bank (Working capital loan)	-	-	-	3,041.96
	-	-	-	<b>3,041.96</b>

Current maturities disclosed under the head current liabilities [ Refer Note 8 ]

## 6 PROVISIONS

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Provision for employee benefits</b>				
Provision for gratuity	454.06	271.99	302.63	706.38
Provision for leave benefits	-	-	270.76	479.71
	<b>454.06</b>	<b>271.99</b>	<b>573.39</b>	<b>1,186.09</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>7 SHORT-TERM BORROWINGS</b>		
Loans repayable on demand from banks		
Indian rupee packing credit loan (secured)	27,653.58	28,290.69
Indian rupee loan from bank (secured)	2,700.00	-
Bank overdraft (unsecured)	3,672.87	3,014.22
	<u>34,026.45</u>	<u>31,304.91</u>
Note :		
(a) Packing Credit is secured against hypothecation of inventory, trade receivables and three immovable properties. The interest is 10.15% (2016: 10.15%) p.a for Indian Rupee loan.		
(b) Indian rupee loan from bank carries interest at 8.05 % to 9.75 % p.a. The loan is repayable on demand. The loan is secured against deposits placed with bank.		
<b>8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>		
Trade payables		
total outstanding dues of micro enterprises and small enterprises [refer note 35]	45.44	41.02
total outstanding dues of creditors other than micro enterprises and small enterprises	9,292.81	10,370.55
	<u>9,338.25</u>	<u>10,411.57</u>
Other current liabilities		
Current maturities of long-term borrowings [Refer Note 5]	-	3,041.96
Advances from customers / others	103.61	254.04
Liability for capital assets	214.39	-
Due to subsidiaries	4,132.62	4,281.39
Book overdraft	4.46	1.82
Interest accrued and not due	205.25	169.79
Statutory liabilities	422.09	256.42
	<u>5,082.42</u>	<u>8,005.42</u>
	<u>14,420.67</u>	<u>18,416.99</u>

**9 FIXED ASSETS***(All amounts in Indian Rupees in lakhs, except stated otherwise)*

	Property, plant and equipment									Intangible assets			
	Land	Buildings	Leasehold improvements	Plant & machinery	Electrical equipments	Office equipments	Furniture & fixtures	Computers	Vehicles	Total tangible assets	Know-how	Computer software	Total intangible assets
<b>At Cost</b>													
<b>At 1 April 2015</b>	<b>1,136.03</b>	<b>5,977.96</b>	<b>1,151.20</b>	<b>28,447.05</b>	<b>829.17</b>	<b>462.81</b>	<b>1,699.19</b>	<b>507.92</b>	<b>464.35</b>	<b>40,675.68</b>	<b>694.64</b>	<b>626.15</b>	<b>1,320.79</b>
Additions	24.24	104.79	13.97	180.66	15.28	6.05	2.95	54.90	-	402.84	-	45.98	45.98
Disposals	206.26	1,797.98	-	2,867.54	18.06	-	78.30	101.79	16.32	5,086.25	-	-	-
<b>At 31 March 2016</b>	<b>954.01</b>	<b>4,284.77</b>	<b>1,165.17</b>	<b>25,760.17</b>	<b>826.39</b>	<b>468.86</b>	<b>1,623.84</b>	<b>461.03</b>	<b>448.03</b>	<b>35,992.27</b>	<b>694.64</b>	<b>672.13</b>	<b>1,366.77</b>
Additions	-	-	215.07	1,079.05	18.28	70.26	9.64	167.47	2.48	1,562.25	-	67.15	67.15
Disposals	-	-	-	248.49	-	-	-	35.47	32.55	316.51	-	-	-
<b>At 31 March 2017</b>	<b>954.01</b>	<b>4,284.77</b>	<b>1,380.24</b>	<b>26,590.73</b>	<b>844.67</b>	<b>539.12</b>	<b>1,633.48</b>	<b>593.03</b>	<b>417.96</b>	<b>37,238.01</b>	<b>694.64</b>	<b>739.28</b>	<b>1,433.92</b>
<b>Depreciation</b>													
<b>At 1 April 2015</b>	-	<b>3,090.78</b>	<b>1,117.28</b>	<b>20,671.05</b>	<b>661.07</b>	<b>407.72</b>	<b>1,413.14</b>	<b>456.65</b>	<b>416.03</b>	<b>28,233.72</b>	<b>694.64</b>	<b>555.63</b>	<b>1,250.27</b>
Charge for the year	-	226.42	15.86	1,545.90	66.65	15.52	90.77	42.02	12.17	2,015.31	-	31.03	31.03
Disposals	-	1,040.67	-	2,094.58	13.82	-	65.59	97.66	15.27	3,327.59	-	-	-
<b>At 31 March 2016</b>	-	<b>2,276.53</b>	<b>1,133.14</b>	<b>20,122.37</b>	<b>713.90</b>	<b>423.24</b>	<b>1,438.32</b>	<b>401.01</b>	<b>412.93</b>	<b>26,921.44</b>	<b>694.64</b>	<b>586.66</b>	<b>1,281.30</b>
Charge for the year	-	186.37	47.57	1,208.52	41.46	22.67	54.94	97.36	9.39	1,668.28	-	54.03	54.03
Disposals	-	-	-	211.72	-	-	-	33.71	31.16	276.59	-	-	-
<b>At 31 March 2017</b>	-	<b>2,462.90</b>	<b>1,180.71</b>	<b>21,119.17</b>	<b>755.36</b>	<b>445.91</b>	<b>1,493.26</b>	<b>464.66</b>	<b>391.16</b>	<b>28,313.13</b>	<b>694.64</b>	<b>640.69</b>	<b>1,335.33</b>
<b>At 31 March 2016</b>	<b>954.01</b>	<b>2,008.24</b>	<b>32.03</b>	<b>5,637.80</b>	<b>112.49</b>	<b>45.62</b>	<b>185.52</b>	<b>60.02</b>	<b>35.10</b>	<b>9,070.83</b>	-	<b>85.47</b>	<b>85.47</b>
<b>At 31 March 2017</b>	<b>954.01</b>	<b>1,821.87</b>	<b>199.53</b>	<b>5,471.56</b>	<b>89.31</b>	<b>93.21</b>	<b>140.22</b>	<b>128.37</b>	<b>26.80</b>	<b>8,924.88</b>	-	<b>98.59</b>	<b>98.59</b>



# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>10 NON-CURRENT INVESTMENTS</b>		
<b>Trade investments [valued at cost unless stated otherwise]</b>		
Investment In subsidiaries (unquoted equity instruments)		
All Colour Garments Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	333.98	333.98
Deejay Trading Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	81.96	81.96
Glamourwear Apparels Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	101.46	101.46
Madhin Trading Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	65.86	65.86
Magenta Trading Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	69.08	69.08
Rafter Trading Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	36.72	36.72
Rajdin Apparels Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	170.90	170.90
Reflexion Trading Private Limited 10,000 (2016 : 10,000) equity shares of Rs. 10 each, fully paid-up	1.00	1.00
Rishikesh Apparels Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	67.83	67.83
Seven Hills Clothing Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	307.90	307.90
Vignesh Apparels Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	80.89	80.89
SNS Clothing Private Limited 20,000 (2016 : 20,000) equity shares of Rs. 10 each, fully paid-up	1,776.00	1,776.00
Less : Provision for diminution in value of Investment	(203.39)	(203.39)
	<u>1,572.61</u>	<u>1,572.61</u>
	<u>2,890.19</u>	<u>2,890.19</u>
<b>Non trade investments [valued at cost unless stated otherwise]</b>		
Investment in government securities (unquoted) - National Savings Certificate	0.27	0.43
	<u>0.27</u>	<u>0.43</u>
	<u><b>2,890.46</b></u>	<u><b>2,890.62</b></u>
Note :		
(a) Aggregate amount of unquoted investments	2,890.46	2,890.62
(b) Aggregate provision for dimunition in value of investment	203.39	203.39
<b>11 DEFERRED TAX ASSET (NET)</b>		
<b>Deferred tax asset</b>		
Impact of difference between tax depreciation and depreciation for financial reporting	249.28	761.39
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years on payment basis	435.87	198.03
<b>Net deferred tax asset</b>	<u><b>685.15</b></u>	<u><b>959.42</b></u>

# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

## 12 LOANS AND ADVANCES

### (A) Unsecured, Considered Good

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Capital advances	21.66	103.52	-	-
Security and other deposits	1,910.18	2,670.93	-	-
Advance to wholly owned subsidiaries	-	-	-	61.59
Advances to suppliers	-	-	561.00	1,000.11
Other loans and advances				
Prepaid expenses	2.93	5.99	321.54	288.89
Loans and advances to employees	-	26.92	10.43	12.03
Advance tax	340.69	291.06	-	-
Income tax paid under protest	253.43	253.43	-	-
Balance with statutory/ government authorities	-	-	61.42	215.89
	<b>2,528.89</b>	<b>3,351.85</b>	<b>954.39</b>	<b>1,578.51</b>

### (B) Advances / deposits considered doubtful

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Security and other deposits	-	31.16	-	-
Other receivables/advances	203.99	239.95	-	-
	203.99	271.11	-	-
Less: Provision for doubtful advances / deposits	(203.99)	(271.11)	-	-
	-	-	-	-
<b>Total (A+B)</b>	<b>2,528.89</b>	<b>3,351.85</b>	<b>954.39</b>	<b>1,578.51</b>

Advance to wholly owned subsidiaries for supplies / services.

    Reflexion Trading Private Limited

    Deejay Trading Private Limited

	Current	
	31 March 2017	31 March 2016
	-	34.25
	-	27.34
	-	<b>61.59</b>

## 13 OTHER ASSETS

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Unsecured, Considered Good</b>				
Non-current bank balances	753.64	735.78	-	-
Interest accrued on bank deposits	-	-	699.63	930.88
Mark to market gain on derivative contracts	-	-	1,186.91	530.10
Export incentives receivable	-	-	3,745.59	3,602.92
Other receivables	-	-	-	192.77
	<b>753.64</b>	<b>735.78</b>	<b>5,632.13</b>	<b>5,256.67</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>14 INVENTORIES</b>		
(Valued at lower of cost and net realisable value)		
Raw materials (including packing materials) [includes material in transit Rs. 340.06 lakhs (2016 : 355 lakhs)]	4,889.68	5,631.11
Work-in-progress	9,632.05	7,823.71
Finished goods	3,784.57	5,624.09
Consumables, stores and spares parts	352.10	305.20
	<b>18,658.40</b>	<b>19,384.11</b>

### 15 TRADE RECEIVABLES

	31 March 2017	31 March 2016
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	13.07	312.33
Unsecured, considered doubtful	949.08	1,137.16
	<b>962.15</b>	<b>1,449.49</b>
Less: Provision for doubtful receivables	949.08	1,137.16
	13.07	312.33
Other receivables		
Unsecured, considered good	7,755.74	7,672.31
	<b>7,768.81</b>	<b>7,984.64</b>

### 16 CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Cash and cash equivalents				
Cash on hand	-	-	14.45	109.45
Balance with banks :				
-- in current accounts	-	-	4,463.23	5,352.14
-- in EEFC accounts	-	-	1.91	1.95
	-	-	4,479.59	5,463.54
Other bank balances				
Deposits with original maturity for more than 12 months*	753.64	735.78	-	-
Deposits with original maturity for more than 3 months and less than 12 months	-	-	12,915.69	15,454.00
	753.64	735.78	12,915.69	15,454.00
Amount disclosed under non-current assets (note 13)	(753.64)	(735.78)	-	-
	-	-	<b>17,395.28</b>	<b>20,917.54</b>

\* Includes Rs. 402 lakhs (2016 - 402 lakhs) held by the bank as security against the term loan.

# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>17 REVENUE FROM OPERATIONS</b>		
Sale of Finished goods		
Exports	67,924.12	91,308.52
Domestic	16,487.74	13,370.46
	<u>84,411.86</u>	<u>104,678.98</u>
Other operating revenue		
Sale of accessories, fabrics, etc	599.71	928.18
Job work income	150.29	77.35
Export incentives	6,534.29	6,122.62
Scrap sales and others (including claims)	219.81	488.96
	<u>7,504.10</u>	<u>7,617.11</u>
<b>Revenue from operations (gross)</b>	<b><u>91,915.96</u></b>	<b><u>112,296.09</u></b>
<u>Details of finished goods sold</u>		
Manufactured (Readymade garments)	<u>84,411.86</u>	<u>104,678.98</u>
<b>18 OTHER INCOME</b>		
Interest income on		
Bank deposit	1,007.26	989.05
Others	2.09	207.74
Exchange differences gain (net)	1,482.21	787.98
Profit on sale of fixed assets (net)	7.82	9.97
Excess provision of earlier years, written back	212.34	114.54
Other non-operating income / claims	81.73	716.82
	<u>2,793.45</u>	<u>2,826.10</u>
<b>19 COST OF RAW MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	5,631.11	7,393.79
Add: purchases	47,514.79	58,069.60
	<u>53,145.90</u>	<u>65,463.39</u>
Less: inventory at the end of the year	4,889.68	5,631.11
<b>Cost of raw materials consumed</b>	<b><u>48,256.22</u></b>	<b><u>59,832.28</u></b>
Note:		
(a) <u>Details of inventory held</u>		
Fabrics	3,321.82	3,643.83
Accessories and others	1,567.86	1,987.28
	<u>4,889.68</u>	<u>5,631.11</u>
(b) <u>Details of raw materials consumed</u>		
Fabrics	37,422.41	46,132.92
Accessories	9,789.20	13,076.75
Others	1,044.59	622.61
	<u>48,256.20</u>	<u>59,832.28</u>
(c) <u>Imported and indigenous raw materials consumed</u>		
Imported	11,098.93	23,157.76
Indigenous	37,157.29	36,674.52
	<u>48,256.22</u>	<u>59,832.28</u>
<u>% of total consumption</u>		
Imported	23%	39%
Indigenous	77%	61%
	<u>100%</u>	<u>100%</u>

# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>20 (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
Inventories at the beginning of the year		
Work-in-progress	7,823.71	8,759.61
Finished goods (Readymade garments)	5,624.09	4,396.63
	<u>13,447.80</u>	<u>13,156.24</u>
Inventories at the end of the year		
Work-in-progress	9,632.05	7,823.71
Finished goods (Readymade garments)	3,784.57	5,624.09
	<u>13,416.62</u>	<u>13,447.80</u>
	<b><u>31.18</u></b>	<b><u>(291.56)</u></b>
<b>21 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	9,377.23	10,766.23
Contribution to provident fund and other fund	787.18	992.08
Gratuity expense	78.04	154.34
Staff welfare expenses	232.77	270.70
	<u>10,475.22</u>	<u>12,183.35</u>
<b>22 OTHER EXPENSES</b>		
Consumption of consumables, stores and spares	1,063.07	1,162.02
Power and fuel	1,224.69	1,387.54
Job work charges	23,452.78	25,131.98
Other manufacturing expenses	608.42	559.74
Rent	2,256.70	2,123.20
Rates and taxes	118.63	223.64
Insurance	402.66	348.51
Repairs and maintenance		
- Plant and machinery	789.47	524.15
- Buildings	51.63	44.51
- Others	633.85	512.06
Legal and professional charges	546.16	370.52
Printing and stationery	104.02	113.50
Communication costs	216.60	152.78
Travelling and conveyance	296.47	320.82
Auditors' remuneration	95.31	78.06
Director's remuneration	185.20	184.07
Clearing, forwarding and freight (net of recoveries)	1,186.29	983.14
Provision for doubtful deposits and advances	203.99	18.40
Capital work in progress written off	-	136.23
Irrecoverable balances written off	44.70	208.23
Provision for doubtful debts	102.62	489.61
Bad debts written off	175.40	273.26
Export claims	359.30	408.35
Miscellaneous expenses	697.15	1,059.56
	<u>34,815.11</u>	<u>36,813.88</u>

# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
Note :		
(a) Consumables, stores and spares consumed		
Imported	80.70	80.70
Indigenous	982.37	1,081.32
	<u>1,063.07</u>	<u>1,162.02</u>
<u>% of total consumption</u>		
Imported	8%	7%
Indigenous	92%	93%
	<u>100%</u>	<u>100%</u>
(b) Payment to auditor		
Audit fees	41.66	39.32
Limited review fees	45.43	30.52
In other capacity - Taxation matters	1.72	1.72
Out of pocket expenses (includes service tax)	6.50	6.50
	<u>95.31</u>	<u>78.06</u>
<b>23 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on tangible assets	1,668.28	2,015.31
Amortisation on intangible assets	54.03	31.03
	<u>1,722.31</u>	<u>2,046.34</u>
<b>24 FINANCE COSTS</b>		
Interest		
- on term loans	7.29	572.55
- on packing credit	2,184.46	1,795.09
- on bill discounting and others	720.33	868.23
Exchange difference to the extent considered as an adjustment to borrowing cost	-	131.30
Bank charges	723.91	579.15
	<u>3,635.99</u>	<u>3,946.32</u>
<b>25 EXCEPTIONAL ITEMS</b>		
Profit on sale of land, building and other fixed assets	-	2,574.62
Profit on sale of investment in subsidiary	-	717.19
Compensation for surrender of tenancy	-	1,250.00
	<u>-</u>	<u>4,541.81</u>

# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

## 26 Contingent liabilities (to the extent not provided for)

	March 31, 2017	March 31, 2016
(a) Tax / Other demands (under appeal)	308.48	333.36
(b) Guarantees given by banks	1,147.79	645.00
(c) Outstanding letters of credit	3,329.13	2,519.84
(d) Bills of exchange discounted with banks	13,395.35	13,912.05
(e) The Company is also involved in certain litigations with third parties, the impact of which is not quantifiable. These cases are pending with various courts/forums and are scheduled for hearings. After considering the circumstances and legal evaluation thereon, the Company's management believes that these cases will not have any adverse impact on the financial statements.		

## 27 Capital and other commitments

	March 31, 2017	March 31, 2016
(a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	79.45	123.57
(b) The Company has imported capital goods without payment of duty under Export promotion capital goods ('EPCG') scheme. Value of pending export obligation to be fulfilled before March 01, 2023	2,257.63	344.20
(c) For commitments relating to leasing arrangements, refer Note 31		
(d) For commitments relating to forward contracts, refer Note 36		

## 28 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 statement of profit and loss and the funded status and amounts recognised in the balance sheet:

### Net employee benefit expense (in statement of profit and loss) :

	March 31, 2017	March 31, 2016
Current service cost	85.52	109.03
Interest cost on benefit obligation	63.51	69.83
Expected Return on Plan Assets	(3.38)	(1.66)
Actuarial loss / (gain)	(67.61)	(22.86)
<b>Net benefit expense</b>	<b>78.04</b>	<b>154.34</b>
<b>Actual return on plan asset</b>	<b>(14.78)</b>	<b>1.73</b>

### Details of Provision for gratuity (in Balance Sheet)

	March 31, 2017	March 31, 2016
Defined benefit obligation	824.38	1,000.79
Fair value of plan asset	(67.69)	(22.42)
<b>Plan liability / (asset)</b>	<b>756.69</b>	<b>978.37</b>

### Changes in the present value of defined benefit obligation

	March 31, 2017	March 31, 2016
Opening defined benefit obligation	1,000.79	1,094.88
Current Service Cost	85.52	109.03
Interest Cost	63.51	69.83
Benefits Paid	(239.67)	(250.16)
Actuarial (gain) / loss	(85.77)	(22.79)
<b>Closing defined benefit obligation</b>	<b>824.38</b>	<b>1,000.79</b>



# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>Changes in the fair value of plan asset are as follows</b>		
Opening fair value of plan asset	22.42	23.29
Expected return	3.38	1.66
Actuarial gain / (loss)	(18.16)	0.07
Contributions by employer	299.72	247.56
Benefits Paid	(239.67)	(250.16)
<b>Closing fair value of plan asset</b>	<b>67.69</b>	<b>22.42</b>
<b>The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:</b>		
Discount Rate	6.45%	7.21%
Estimated Rate of return on Plan Assets	6.45%	8.00%
Attrition Rate	40.00%	40.00%
Rate of escalation in Salary per annum	8.00%	10.00%
Retirement Age	60 years	60 years
<b>The major categories of plan asset as a percentage of the fair value of total plan asset are as follows:</b>		
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 & demand in the employment market.
2. The estimated rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
3. The Company expects to contribute Rs. 302.63 lakhs to the gratuity fund in 2017-18.

Amounts for the current year and previous four year period are as follows:

	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligation	824.38	1,000.79	1,094.88	810.79	588.73
Plan assets	67.69	22.42	23.29	25.32	31.05
(Surplus) / deficit	<b>756.69</b>	<b>978.37</b>	<b>1,071.59</b>	<b>785.47</b>	<b>557.68</b>
Experience adjustment on plan liabilities	(85.77)	(22.79)	281.10	104.27	19.90
Experience adjustment on plan assets	(18.16)	0.07	0.33	0.61	0.30

## 29 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):  
The Company mainly operates in two geographical areas of the world, i.e., India and Rest of World, the details of which are as below:

Geographical Segment		
Distribution of Company's sales by geographical market:	31 March 2017	31 March 2016
In India	23,244.81	20,537.52
Rest of world	68,215.96	91,732.90
<b>Total</b>	<b>91,460.77</b>	<b>112,270.42</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

Carrying amount of segment assets by geographical area in which assets are located:	31 March 2017	31 March 2016
In India	62,172.57	66,885.39
Rest of world	4,208.09	5,577.69
<b>Total</b>	<b>66,380.66</b>	<b>72,463.08</b>

All fixed assets are located in India.

## 30 Related party disclosures

### A. Names of related parties and description of relationship:

	Description of Relationship	Names of related parties
<b>a.</b>	<b>Parties where control exists:</b>	
	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 Seven Hills Clothing Private Limited SNS Clothing Private Limited Vignesh Apparels Private Limited
<b>b.</b>	<b>Key management personnel:</b>	
	Director and Chief Executive Officer	Gautam Chakravarti (resigned effective May 25, 2015)
	Vice Chairman & Managing Director	Padala Ramababu (appointed effective May 25, 2015)
	Chief Financial Officer (CFO)	Sumit Keshan (resigned effective Nov 15, 2015)
	Chief Financial Officer (CFO)	Sathyamurthy A (appointed effective Nov 16, 2015)
	Company Secretary	Ramyia Kannan

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

### B. Transactions with related party:

Nature of transactions	Subsidiary companies		Key managerial personnel		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Sale of finished goods</b>					<b>369.58</b>	<b>268.94</b>
SNS Clothing Private Limited	369.58	268.94				
<b>Purchase of raw materials</b>					<b>518.14</b>	<b>407.89</b>
Reflexion Trading Private Limited	518.14	407.89				
<b>Job work charges</b>					<b>22,936.11</b>	<b>24,105.94</b>
Seven Hills Clothing Private Limited	6,247.66	7,121.93				
Rishikesh Apparels Private Limited	3,140.32	2,842.95				
Rajdin Apparels Private Limited	2,364.95	2,652.97				
Magenta Trading Private Limited	2,808.40	2,842.17				
Others	8,374.78	8,645.92				
<b>Remuneration paid to Key Managerial Personnel</b>					<b>272.39</b>	<b>244.81</b>
Gautam Chakravarti			-	14.08		
Padala Ramababu			166.96	112.69		
Sumit Keshan			-	87.35		
Sathyamurthy A			96.42	22.49		
Ramyia Kannan			9.01	8.20		

### C. Balances as at the year end:

Nature of transactions	Subsidiary companies		Key managerial personnel		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Other Current Liabilities</b>					<b>4,132.62</b>	<b>4,281.39</b>
SNS Clothing Private Limited	1,268.63	1,258.23				
Seven Hills Clothing Private Limited	997.36	1,207.66				
All Colour Garments Private Limited	380.39	292.87				
Others	1,486.24	1,522.63				
<b>Remuneration payable to Key Managerial Personnel</b>					<b>11.82</b>	<b>25.35</b>
Padala Ramababu			6.27	21.53		
Sathyamurthy A			4.89	3.24		
Ramyia Kannan			0.66	0.58		
<b>Loans and Advances</b>					<b>-</b>	<b>61.59</b>
Deejay Trading Private Limited	-	27.34				
Reflexion Trading Private Limited	-	34.25				

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

### 31 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. All leases include a clause to enable upward revision of the rental charge on a periodic basis as specified under the rental agreement. The charge on account of lease rentals for the year is Rs. 2,256.70 lakhs (2016: Rs.2,123.20 lakhs).

Future obligations of lease rentals for non cancellable period under respective lease agreements are as follows.

	31 March 2017	31 March 2016
Not later than one year	1,583.66	1,483.36
Later than one year and not later than five years	2,647.44	3,760.82
Later than five years	-	-

### 32 CIF value of imports

	31 March 2017	31 March 2016
Capital goods	932.67	131.05
Raw materials and accessories	11,686.46	24,497.96
Stores and spares	157.11	80.07
	<b>12,776.24</b>	<b>24,709.08</b>

### 33 Expenditure in foreign currency

	31 March 2017	31 March 2016
Travel expenses	31.72	42.97
Brokerage and commission	13.77	5.37
Export claims	359.30	408.35
Others	120.56	67.51
	<b>525.35</b>	<b>524.20</b>

### 34 Earnings in foreign currency

	31 March 2017	31 March 2016
FOB value of exports	67,924.12	91,308.52
Sale of accessories, fabrics, etc	288.55	193.09
Freight and insurance recoveries	638.67	1,568.60
Export Claims	3.29	231.29
	<b>68,854.63</b>	<b>93,301.50</b>

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

	31 March 2017	31 March 2016
(i) The principal amount due thereon remaining unpaid on March 31, 2017.	44.71	40.18
Interest amount due and remaining unpaid on March 31, 2017.	-	-
(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.	0.84	5.39

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	31 March 2017	31 March 2016
(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	-	-
(iv) The amount of interest accrued and remaining unpaid on March 31, 2017 in respect of principal amount settled during the year.	0.73	0.84
(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.	0.73	0.84

### 36 Derivative instruments and unhedged foreign currency exposure

#### a) Particulars of Derivative contracts: Forward contract outstanding as at balance sheet date

Sell contracts	31 March 2017		31 March 2016		Purpose
	foreign currency (in lakhs)	Rs. (in lakhs)	foreign currency (in lakhs)	Rs. (in lakhs)	
USD	434.78	29,748.62	331.29	22,788.84	Hedge of expected future sales

#### b) As of the Balance Sheet date, the Company's unhedged foreign currency exposure is as under

	Receivables / (Payables)			
	31 March 2017		31 March 2016	
	Amount in foreign currency	Amount Rs. in lakhs	Amount in foreign currency	Amount Rs. in lakhs
Bank balances – USD	2,943	1.91	2,943	1.95
Trade receivables – USD*	6,074,356	3,937.55	6,795,231	4,507.62
Trade receivables – EUR*	-	-	859	0.64
Trade receivables – GBP*	38,825	31.42	979,301	931.81
Loans and advances – USD	379,500	239.12	587,518	389.73
Loans and advances – EUR	-	-	2,681	2.01
Loans and advances – GBP	-	-	900	0.86
Trade payables – USD	(1,762,501)	(1,142.67)	(2,763,955)	(1,833.75)
Trade payables – EUR	-	-	(18,092)	(13.58)
Trade payables – GBP	-	-	(7,164)	(6.82)
Other current liabilities – USD	(216,818)	(140.57)	-	-

\* net of export bills discounted

## NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

### 37 Exchange difference

	31 March 2017	31 March 2016
Exchange difference loss / (gain) on		
Pre-shipment packing credit	-	53.55
Post-shipment credit	(394.28)	(262.62)
Forward contracts and options	(1,506.82)	(689.32)
Foreign currency receivables	408.52	(38.44)
Foreign currency payables	10.37	148.85
	<b>(1,482.21)</b>	<b>(787.98)</b>

### 38 Employee stock option Plans (Equity Settled)

In September 2010, the shareholders of the Company approved Stock Option Plan (ESOP 2010) in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) for Employees Stock Options Plan. The plan covered all employees of the Company including employees of subsidiaries and directors and provided for the issue of 1,718,800 shares of Rs. 5 each. The Company follows intrinsic method of accounting for stock compensation cost pursuant to the Guidance Note on "Accounting for Employee Share - Based Payments" issued by the Institute of Chartered Accountants of India".

415,000 (2016: Nil) options have been granted during the year and 558,336 (2016: 408,339) are outstanding as at March 31, 2017. The vesting period ranges from 1 to 7 years. Weighted average of remaining contractual life is 7.77 years (2016: 7.37 years). The weighted average exercise price of all the options is Rs. 62.07 (2016: Rs. 42.34). There is no compensation cost since the exercise price is equal to the intrinsic value as at the date of grant.

The weighted average fair value of options granted during the year was Rs.55.09 (2016: Rs. Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2017	31 March 2016
Dividend yield %	-	*
Expected volatility %	62.30%	*
Risk free interest rate	6.45%	*
Weighted average share price	62.07	*
Exercise price	72.55	*
Expected life of options granted in years	10	*

\* Not applicable since no ESOP's were granted during the year.

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

### 39 Specified Bank Notes (SBNs)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	11.04	2.80	13.84
(+) Permitted receipts	-	25.36	25.36
(-) Permitted payments	-	(16.74)	(16.74)
(-) Amount deposited in Banks	(11.04)	(5.50)	(16.54)
Closing cash in hand as on 30 December 2016	-	5.92	5.92

# NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

40. During the year ended March 31, 2017, the Company has recognised deferred tax asset to the extent that there is virtual certainty supported by convincing evidence based on the future profitability and projections of the Company, backed by confirmed customer orders on hand as at the year end. The Management believes that there is sufficient assurance that future taxable income will be available against which the deferred tax assets can be realized.
41. The Company is in process of taking necessary steps to comply with the Transfer Pricing requirements relating to the preparation & maintenance of the Transfer Pricing documentation with respect to the specified domestic transactions entered into by the Company during financial year ended March 31, 2017. The Management is of the opinion that the specified domestic transactions are at arm's length and hence the aforesaid legislation will not have any impact on the standalone financial statements, particularly on the amount of tax expense and that of provision for taxation.
42. The Company had filed petition with the Company Law Board for compounding of offence u/s. 297 of the erstwhile Companies Act, 1956 for the transactions entered with CMS Info Systems Private Limited between July 2009 to October 2011 and as at date, the petition is pending with the Company Law Board.
- For periods subsequent to October 2011, the Company had filed an application with Central Government, Ministry of Corporate Affairs, seeking its approval u/s. 297(1) of the erstwhile Companies Act, 1956 for entering into contract with CMS Info Systems Private Limited which is pending approval.
43. The Company has applied for a scheme of amalgamation of 9 wholly owned subsidiary companies with the Company. The appointed date of amalgamation is April 1, 2016. The application is filed with the Hon'ble National Company Law Tribunal on February 23, 2017. The Company awaits necessary approvals for the merger to become effective.
44. An open offer is proposed by Clear Wealth Consultancy Services LLP ("Acquirer") along with Mathew Cyriac {Person acting in concert ("PAC") 1}, Gazania Advisory LLP ("PAC II"), Westex Infotech Private Limited ("PAC III") and Gautham Madhavan ("PAC IV") (PAC I, PAC II, PAC III and PAC IV are collectively referred to as "PACs"). This Open Offer is being made pursuant to the execution of share purchase agreement dated March 31, 2017 ("SPA") by the Acquirer with Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd, being the current promoter of the Target Company. Pursuant to SPA, the Acquirer has agreed to acquire 13,955,742 equity shares representing 39.94% of fully paid-up equity share capital of the Target Company at a price of Rs. 42 per equity share aggregating to Rs. 586,141,164 payable in cash. This Open Offer is being made under Regulations 3(1) and 4 of the SEBI (SAST) Regulations, 2011 to all public shareholders of the Target Company, pursuant to which the Acquirer will acquire up to 9,179,993 equity shares representing 26% of expanded voting share capital of the Target Company at a price of Rs. 63.25 per equity share payable in cash subject to the terms and conditions set out in the detailed public statement and letter of offer that will be sent to all public shareholders of the Target Company.
45. **Previous year comparatives**
- Previous year figures have been regrouped/re-arranged/reclassified, wherever necessary to conform to the current year's presentation.

As per our report of even date

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 0009345

**per A.V. Satish Kumar**  
Partner  
Membership No. F-26526  
Place: Bengaluru  
Date: May 19, 2017

**for S R Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102  
Place: Bengaluru  
Date: May 19, 2017

**For and on behalf of the  
Board of Directors  
Gokaldas Exports Limited**

**Richard B Saldanha**  
Chairman  
DIN No. 00189029

**Padala Ramababu**  
Vice Chairman & Managing Director  
DIN No. 00149649

**Sathyamurthy A**  
Chief Financial Officer

**Ramya Kannan**  
Company Secretary  
Place: Bengaluru  
Date: May 19, 2017



# INDEPENDENT AUDITOR'S REPORT

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**To the members of Gokaldas Exports Limited**

## **Report on the Consolidated Financial Statements**

We, Girish Murthy & Kumar and S.R. Batliboi & Associates LLP, have audited the accompanying consolidated financial statements of Gokaldas Exports Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2017, their consolidated loss, and their consolidated cash flows for the year ended on that date.

# INDEPENDENT AUDITOR'S REPORT

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## Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, incorporated in India, none of the directors of the Group's companies, is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group - Refer Note 27 to the consolidated financial statements.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses during the year ended March 31, 2017.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India during the year ended March 31, 2017.
  - iv. The Holding Company and subsidiaries incorporated in India, have provided requisite disclosures in Note 36 to these consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and reports of other auditors and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group and as produced to us by the Management of the Holding Company.

# INDEPENDENT AUDITOR'S REPORT

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## Other Matters

- (a) The accompanying consolidated financial statements include total assets of Rs 3,580.25 lakhs and net assets (after elimination) of Rs 1,674.31 lakhs as at March 31, 2017, and total revenues (including other income) of Rs 8,020.32 lakhs and net revenue (including other income) (after elimination) of Rs 1,112.99 lakhs and net cash inflows of Rs 0.47 lakhs for the year ended on that date in respect of four subsidiaries which have been audited by Girish Murthy & Kumar on which S.R. Batliboi & Associates LLP has placed reliance for the purpose of this report.
- (b) The accompanying consolidated financial statements include total assets of Rs 4,100.83 lakhs and net assets (after elimination) of Rs 1,874.16 lakhs as at March 31, 2017, and total revenues (including other income) of Rs 17,614.38 lakhs and net revenue (including other income) (after elimination) of Rs 1,067.47 lakhs and net cash outflows of Rs 59.66 lakhs for the year ended on that date in respect of eight subsidiaries which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms sub-section (3) of section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 0009345

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

Place: Bengaluru  
Date: May 19, 2017

**for S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102

Place: Bengaluru  
Date: May 19, 2017

# ANNEXURE TO AUDITORS' REPORT

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## **ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GOKALDAS EXPORTS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We, Girish Murthy & Kumar and S.R. Batliboi & Associates LLP, have audited the internal financial controls over financial reporting of Gokaldas Exports Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Group for the year ended as on that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

# ANNEXURE TO AUDITORS' REPORT

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## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to twelve subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 000934S

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

Place: Bengaluru  
Date: May 19, 2017

**for S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102

Place: Bengaluru  
Date: May 19, 2017

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2017	March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3	1,746.38	1,739.47
Reserves and surplus	4	15,549.83	19,848.12
		<u>17,296.21</u>	<u>21,587.59</u>
<b>Share application money pending allotment</b>		1.61	-
<b>Non- current liabilities</b>			
Long-term borrowings	5	-	-
Long-term provisions	6	454.06	271.99
		<u>454.06</u>	<u>271.99</u>
<b>Current liabilities</b>			
Short term borrowings	7	34,026.45	31,304.91
Trade payables	8		
total outstanding dues of micro enterprises and small enterprises		45.44	41.02
total outstanding dues of creditors other than micro enterprises and small enterprises		9,509.80	10,635.85
Other current liabilities	8	4,079.77	7,050.07
Short term provisions	6	1,625.53	2,737.46
		<u>49,286.99</u>	<u>51,769.31</u>
		<u><u>67,038.87</u></u>	<u><u>73,628.89</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	9	9,290.36	9,520.39
Intangible assets	9	98.59	85.47
Capital work-in-progress		90.04	247.64
		<u>9,478.99</u>	<u>9,853.50</u>
Non-current investments	10	0.29	0.63
Deferred tax asset (net)	11	685.15	959.42
Long-term loans and advances	12	4,778.92	5,718.43
Other non-current assets	13	753.64	735.78
		<u>15,696.99</u>	<u>17,267.76</u>
<b>Current assets</b>			
Current Investments	14	-	0.09
Inventories	15	19,152.21	19,918.34
Trade receivables	16	7,996.64	8,496.06
Cash and bank balances	17	17,534.69	21,116.12
Short-term loans and advances	12	1,026.21	1,573.85
Other current assets	13	5,632.13	5,256.67
		<u>51,341.88</u>	<u>56,361.13</u>
		<u><u>67,038.87</u></u>	<u><u>73,628.89</u></u>
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the consolidated financial statements.

As per our report of even date

**For and on behalf of the  
Board of Directors  
Gokaldas Exports Limited**

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 0009345

**for S R Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**Richard B Saldanha**  
Chairman  
DIN No. 00189029

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

**per Navin Agrawal**  
Partner  
Membership No: 056102

**Padala Ramababu**  
Vice Chairman & Managing Director  
DIN No. 00149649

Place: Bengaluru  
Date: May 19, 2017

Place: Bengaluru  
Date: May 19, 2017

**Sathyamurthy A**  
Chief Financial Officer

**Ramya Kannan**  
Company Secretary

Place: Bengaluru  
Date: May 19, 2017

# CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED MARCH 31, 2017

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2017	March 31, 2016
<b>INCOME</b>			
Revenue from operations (gross)	18	93,615.65	114,400.40
Less: excise duty		<u>568.16</u>	<u>108.06</u>
Revenue from operations (net)		93,047.49	114,292.34
Other income	19	<u>3,017.60</u>	<u>3,221.12</u>
		<b>96,065.09</b>	<b>117,513.46</b>
<b>Expenses</b>			
Cost of raw materials consumed	20	48,136.80	59,699.73
(Increase) / decrease in inventories of finished goods and work-in-progress	21	39.96	(353.60)
Employee benefits expense	22	30,314.88	34,578.79
Other expenses	23	16,548.71	16,637.72
Depreciation and amortisation expense	24	1,805.97	2,217.52
Finance costs	25	<u>3,641.23</u>	<u>3,977.22</u>
		<b>100,487.55</b>	<b>116,757.38</b>
Profit / (loss) before exceptional items		(4,422.46)	756.08
Exceptional items	26	-	<u>4,575.90</u>
<b>Profit / (loss) before tax</b>		<b>(4,422.46)</b>	<b>5,331.98</b>
<b>Tax expense:</b>			
Current year tax		76.27	164.75
Tax adjustment pertains to earlier years		137.65	-
Deferred tax charge / (credit)		<u>274.27</u>	<u>(966.37)</u>
<b>Total</b>		<b>488.19</b>	<b>(801.62)</b>
Net Profit / (loss) for the year		<b><u>(4,910.65)</u></b>	<b><u>6,133.60</u></b>
<b>Earnings per equity share</b>			
[nominal value per share : Rs. 5 (2016 - Rs. 5)]			
Basic		(14.07)	17.68
Diluted		(13.83)	17.37
Weighted average number of shares used in computing basic earning per equity share		34,894,492	34,701,118
Weighted average number of shares used in computing diluted earning per equity share		35,518,623	35,314,246
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the consolidated financial statements.

As per our report of even date

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 0009345

**per A.V. Satish Kumar**  
Partner  
Membership No. F-26526  
Place: Bengaluru  
Date: May 19, 2017

**for S R Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102  
Place: Bengaluru  
Date: May 19, 2017

**For and on behalf of the  
Board of Directors  
Gokaldas Exports Limited**

**Richard B Saldanha**  
Chairman  
DIN No. 00189029

**Padala Ramababu**  
Vice Chairman & Managing Director  
DIN No. 00149649

**Sathyamurthy A**  
Chief Financial Officer

**Ramya Kannan**  
Company Secretary  
Place: Bengaluru  
Date: May 19, 2017

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Indian Rupees in lakhs, except stated otherwise

Particulars	March 31, 2017	March 31, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit / (loss) before tax	(4,422.46)	5,331.98
Adjustments		
Depreciation and amortization expense	1,805.97	2,217.52
Provision for doubtful deposits and advances	203.99	18.40
Advances written off	-	-
Irrecoverable balances written off	44.70	208.23
Bad debts written off	332.14	362.60
Provision for doubtful debts	102.62	489.61
Interest expense	2,912.08	3,259.59
Capital work in progress written off	-	136.23
Unrealised foreign exchange gains / (loss) (net)	57.08	(90.02)
Profit on sale of assets (net)	(8.81)	(9.97)
Excess provision of earlier years written back	(229.32)	(115.17)
Interest earned	(1,010.18)	(1,205.30)
Exceptional items	-	(4,575.90)
<b>Operating profit before working capital changes</b>	<b>(212.19)</b>	<b>6,027.80</b>
(Increase)/decrease in inventories	766.13	1,402.25
(Increase)/decrease in trade receivables	(336.54)	(1,410.00)
(Increase)/decrease in other current assets	50.09	3,706.89
(Increase)/decrease in long-term loans and advances	606.27	(955.48)
(Increase)/decrease in short-term loans and advances	547.64	(302.19)
Increase/(decrease) in trade payables	(907.00)	455.39
Increase/(decrease) in other current liabilities	98.92	(765.79)
Increase/(decrease) in long term provisions	182.07	(6.92)
Increase/(decrease) in short term provisions	(1,111.93)	465.99
<b>Cash Generated from Operations</b>	<b>(316.54)</b>	<b>8,617.94</b>
Direct taxes paid (net of refunds)	(149.35)	(367.05)
<b>Net Cash Flow from operating activities</b>	<b>(465.89)</b>	<b>8,250.89</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets, including CWIP and capital advances	(1,237.40)	(707.78)
Proceeds from sale of fixed assets	49.12	4,399.94
Deposits redeemed (maturity more than 3 months)	15,559.56	15,532.21
Deposits made (maturity more than 3 months)	(13,041.94)	(28,955.79)
Proceeds from sale of Investment	-	1,045.00
Interest received	1,241.43	395.99
<b>Net Cash Flow from / (used in) investing activities</b>	<b>2,570.77</b>	<b>(8,290.43)</b>



# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

All amounts in Indian Rupees in lakhs, except stated otherwise

Particulars	March 31, 2017	March 31, 2016
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of equity share capital	46.21	64.80
Repayment of long-term borrowings	(3,041.96)	(1,840.04)
Proceeds from short-term borrowings	74,148.65	98,776.96
Repayment of short-term borrowings	(71,427.11)	(93,282.32)
Unclaimed dividend transferred to Investor education and protection fund	-	(0.15)
Interest paid	(2,876.62)	(3,304.77)
<b>Net Cash Flow from used in financing activities</b>	<b>(3,150.83)</b>	<b>414.48</b>
<b>D. Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A + B + C)</b>	<b>(1,045.95)</b>	<b>374.94</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>5,641.46</b>	<b>5,266.52</b>
<b>F. Cash and cash equivalents at the end of the year</b>	<b>4,595.51</b>	<b>5,641.46</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	36.71	128.41
Balance with banks : -- in current accounts	4,558.80	5,513.05
<b>Total</b>	<b>4,595.51</b>	<b>5,641.46</b>

Summary of significant accounting policies 2.1

As per our report of even date

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 000934S

**per A.V. Satish Kumar**  
Partner  
Membership No. F-26526  
Place: Bengaluru  
Date: May 19, 2017

**for S R Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102  
Place: Bengaluru  
Date: May 19, 2017

**For and on behalf of the  
Board of Directors  
Gokaldas Exports Limited**

**Richard B Saldanha**  
Chairman  
DIN No. 00189029

**Padala Ramababu**  
Vice Chairman & Managing Director  
DIN No. 00149649

**Sathyamurthy A**  
Chief Financial Officer

**Ramya Kannan**  
Company Secretary  
Place: Bengaluru  
Date: May 19, 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

## 1. Corporate Information

Gokaldas Exports Limited ('the Company' or 'Gokaldas') was incorporated on March 1, 2004 by converting the erstwhile partnership firm Gokaldas India under Part IX of the Companies Act, 1956 ('the Act'). 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 had 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 a public company domiciled in India and its shares are listed in India. The Company 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.

## 2. Basis of preparation and consolidation of financial statements

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
Seven Hills Clothing Private Limited	100%	India
SNS Clothing Private Limited	100%	India
Vignesh Apparels Private Limited	100%	India

\* No change in the shareholding during the year.

The consolidated financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The consolidated financial statements have been prepared to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The consolidated 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 and derivative financial instruments which have been measured at fair value.

The accounting policies have been consistently applied by the Group 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 consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

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 consolidated 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.

### 2.1 Summary of Significant accounting policies

#### a) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of

*(All amounts in Indian Rupees in lakhs, except stated otherwise)*

revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring material adjustment to the carrying amounts of assets and liabilities in future periods.

**b) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group 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 and where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

Revenues from job work contract are recognized as and when services are rendered.

Dividend income on investments is accounted when the right to receive the dividend is established as at reporting date.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Insurance / other claims are recognized on acceptance basis.

**c) 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, GBP 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, the effective portion on 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 statement of profit and loss upon the occurrence of the hedged transaction. The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in the statement of profit and loss. Changes in fair value relating to derivatives not designated as hedges are recognized in the statement of profit and loss.

Hedge Accounting is discontinued when the hedging instrument expires or is sold, or terminated, or exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognised in hedging reserve is transferred to profit and loss account when forecasted transaction occurs or when a hedged transaction is no longer expected to occur.

**d) Property, plant and equipment (PPE) and Intangible assets and Depreciation / amortization**

Property, plant and equipment and intangible assets are stated at cost (or revalued amounts, as the case may be) less accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. "Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized." "The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. "Property, plant and equipment held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of profit and loss.

Depreciation is provided using the written down value method as per the useful lives of the assets estimated by the management with residual value at 5%, which is equal to the corresponding rates prescribed under schedule II of the Companies Act, 2013.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	Estimated useful life (in years)
Buildings	30
Plant & Machinery	15
Electrical Equipments	10
Office Equipments	5
Furniture & Fixtures	10
Computers	3
Vehicles	8
Computer software (Intangibles)	2.5

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower which ranges between 5 to 10 years.

**e) Borrowing Costs**

Borrowing costs includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs attributable to acquisition and construction of qualifying assets that necessarily takes substantial period of time to get ready for its intended use are capitalized as a part of the cost of such asset. All other borrowing costs are expensed in the period they occur.

**f) Impairment of property, plant and equipment and intangible assets**

At each reporting 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 statement of profit and loss to the extent the carrying amount exceeds the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**g) Inventories**

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

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

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

**h) Foreign currency transactions**

**(i) Initial Recognition**

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

**(ii) Conversion**

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

**(iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the 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.

**i) Government Grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/

*(All amounts in Indian Rupees in lakhs, except stated otherwise)*

subsidy will be received and all attaching conditions will be complied with.

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

**j) Investments**

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged / credited to statement of profit and loss.

**k) Retirement and Other Employee Benefits**

(i) Defined Contribution Plans:

Contributions to provident fund are made at pre-determined rates and charged to the statement of profit and loss for the year when the employee renders the services. The Group has no obligation, other than the contribution payable to the provident fund.

(ii) Defined Benefit Plans:

Gratuity liability is accrued in the books based on actuarial valuation on projected unit credit method as at reporting date. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred.

(iii) Compensated absences:

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the basis of an actuarial valuation using the projected unit credit method at the year end. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred. The Group presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

**l) Taxation**

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the 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 reporting 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 reporting 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.

Minimum Alternative Tax ('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 MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Group reviews the same at each reporting date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Group will pay normal Income Tax during the specified period.

(All amounts in Indian Rupees in lakhs, except stated otherwise)

**m) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share - based Payments, issued by the Institute of Chartered Accountants of India. The Company accounts for stock compensation expense based on the intrinsic value of the options granted, determined on the date of grant. Compensation expense is amortized over the vesting period of the option on a straight - line basis. The accounting value of the options outstanding net of the Deferred Compensation Expense is reflected as Employee Stock Options Outstanding.

**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 statement of profit and loss 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 reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

**p) Segment Reporting Policies**

(i) 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.

(ii) Basis of allocation:

Assets, liabilities, income and expenditure are allocated to each segment according to the relative contribution of each segment to the total amount. Unallocated items include general corporate items, which are not allocated any segment.

(iii) Segment Policies:

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group 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) Contingent Liability**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

**s) Cash and Cash equivalents**

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

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>3 SHARE CAPITAL</b>		
Authorised shares 40,000,000 (2016 : 40,000,000) equity shares of Rs. 5 each	2,000.00	2,000.00
Issued, subscribed and fully paid-up 34,927,662 (2016 : 34,789,326) equity shares of Rs. 5 each	<u>1,746.38</u>	<u>1,739.47</u>
	<u><b>1,746.38</b></u>	<u><b>1,739.47</b></u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	31 March 2017		31 March 2016	
	Nos	Amount	Nos	Amount
At the beginning of the year	34,789,326	1,739.47	34,594,332	1,729.72
Add: Issued during the year - ESOP	138,336	6.91	194,994	9.75
Outstanding at the end of the year	34,927,662	1,746.38	34,789,326	1,739.47

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 5 per share. Each holder of equity is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Equity shares of Rs. 5 each fully paid up	31 March 2017		31 March 2016	
	Nos	Amount	Nos	Amount
Holding company : Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited	13,955,742	697.79	19,983,742	999.19

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

Equity shares	31 March 2017		31 March 2016	
	Nos	Shareholding %	Nos	Shareholding %
Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited	13,955,742	39.96%	19,983,742	57.44%

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 35.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>4 RESERVES AND SURPLUS</b>		
<b>Capital reserves</b>		
Capital reserve (on amalgamation) balance as per financial statements	9,769.12	9,769.12
<b>Securities premium reserve</b>		
Balance as per last financial statements	13,835.86	13,780.81
Addition on ESOPs exercised	37.69	55.05
Balance as at year end	13,873.55	13,835.86
<b>General reserve</b>		
Balance as per last financial statements	2,192.09	2,192.09
<b>Hedging reserve</b>		
Balance as per last financial statements	474.60	969.06
Changes during the year :		
Transferred to statement of profit and loss on occurrence of forecasted hedge transaction	(474.60)	(969.06)
Net changes in the fair value of effective portion of outstanding cash flow derivatives	1,049.27	474.60
	1,049.27	474.60
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(6,423.55)	(12,557.15)
Profit / (loss) for the year	(4,910.65)	6,133.60
Net deficit in the statement of profit and loss	(11,334.20)	(6,423.55)
	<b>15,549.83</b>	<b>19,848.12</b>
<b>5 LONG-TERM BORROWINGS</b>		

	Non-current		Current Maturities	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Term loans (secured) :				
Indian rupee loan from bank (Working capital loan)	-	-	-	3,041.96
	-	-	-	<b>3,041.96</b>

Current maturities disclosed under the head current liabilities [ Refer Note 8]

**6 PROVISIONS**

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Provision for employee benefits				
Provision for gratuity (Refer note 29)	454.06	271.99	793.91	1,400.77
Provision for leave benefits	-	-	831.62	1,336.69
	<b>454.06</b>	<b>271.99</b>	<b>1,625.53</b>	<b>2,737.46</b>



(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>7 SHORT-TERM BORROWINGS</b>		
Loans repayable on demand from banks		
Indian rupee packing credit loan (secured)	27,653.58	28,290.69
Indian rupee loan from bank (Secured)	2,700.00	-
Bank overdraft (unsecured)	3,672.87	3,014.22
	<u>34,026.45</u>	<u>31,304.91</u>
Note :		
(a) Packing credit is secured against hypothecation of inventory, trade receivables and three immovable properties. The interest rate is 10.15% (2016: 10.15%) p.a.		
(b) Indian rupee loan from bank carries interest at 8.05 % to 9.75 % p.a. The loan is repayable on demand. The loan is secured against deposits placed with bank.		
<b>8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>		
Trade payables		
total outstanding dues of micro enterprises and small enterprises	45.44	41.02
total outstanding dues of creditors other than micro enterprises and small enterprises	9,509.80	10,635.85
	<u>9,555.24</u>	<u>10,676.87</u>
Other current liabilities		
Current maturities of long-term borrowings [Refer Note 5]	-	3,041.96
Other expenses / liabilities	2,724.47	2,796.69
Advances from customers / others	106.66	383.34
Liability for capital assets	214.39	-
Book overdraft	32.03	11.72
Interest accrued and not due on borrowings	205.25	169.79
Statutory liabilities	796.97	646.57
	<u>4,079.77</u>	<u>7,050.07</u>
	<u>13,635.01</u>	<u>17,726.94</u>

**9 FIXED ASSETS**

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	Property, plant and equipment										Intangible assets			
	Land	Buildings	Leasehold improvements	Plant & machinery	Electrical equipments	Office equipments	Furniture & fixtures	Computers	Vehicles	Total tangible assets	Know-how	Goodwill on consolidation	Computer software	Total intangible assets
<b>At Cost</b>														
At 1 April 2015	1,137.00	6,511.58	1,391.44	29,560.15	1,773.87	540.87	2,455.93	512.43	475.42	44,358.69	694.64	314.79	626.15	1,635.58
Additions	24.24	104.79	18.05	181.74	15.28	6.06	2.95	54.90	-	408.01	-	-	45.98	45.98
Disposals	207.23	1,851.28	-	2,888.20	54.97	-	98.12	101.79	16.32	5,217.91	-	314.79	-	314.7
At 31 March 2016	954.01	4,765.09	1,409.49	26,853.69	1,734.18	546.93	2,360.76	465.54	459.10	39,548.79	694.64	-	672.13	1,366.77
Additions	-	-	215.07	1,079.03	18.28	70.26	9.64	167.47	2.47	1,562.22	-	-	67.15	67.15
Disposals	-	-	-	248.49	-	-	-	35.47	39.69	323.65	-	-	-	-
At 31 March 2017	954.01	4,765.09	1,624.56	27,684.23	1,752.46	617.19	2,370.40	597.54	421.88	40,787.36	694.64	-	739.28	1,433.92
<b>Depreciation</b>														
At 1 April 2015	-	3,546.79	1,330.65	21,471.05	1,469.88	476.92	2,082.72	461.00	426.53	31,265.54	694.64	-	555.63	1,250.27
Charge for the year	-	246.28	24.96	1,598.28	127.31	16.15	119.32	42.02	12.17	2,186.49	-	-	31.03	31.03
Disposals	-	1,073.14	-	2,107.13	47.21	-	83.22	97.66	15.27	3,423.63	-	-	-	-
At 31 March 2016	-	2,719.93	1,355.61	20,962.20	1,549.98	493.07	2,118.82	405.36	423.43	30,028.40	694.64	-	586.66	1,281.30
Charge for the year	-	188.49	52.94	1,249.34	61.84	23.03	69.56	97.36	9.38	1,751.94	-	-	54.03	54.03
Disposals	-	-	-	211.72	-	-	-	33.71	37.91	283.34	-	-	-	-
At 31 March 2017	-	2,908.42	1,408.55	21,999.82	1,611.82	516.10	2,188.38	469.01	394.90	31,497.00	694.64	-	640.69	1,335.33
<b>Net Block</b>														
At 31 March 2016	954.01	2,045.16	53.88	5,891.49	184.20	53.86	241.94	60.18	35.67	9,520.39	-	-	85.47	85.47
At 31 March 2017	954.01	1,856.67	216.01	5,684.41	140.64	101.09	182.02	128.53	26.98	9,290.36	-	-	98.59	98.59

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>10 NON-CURRENT INVESTMENTS</b>		
<b>Non trade investments [valued at cost unless stated otherwise]</b>		
Investment in government securities (unquoted) - National Savings Certificate and Indira Vikas Patra	0.29	0.63
	<u>0.29</u>	<u>0.63</u>
Note :		
Aggregate amount of unquoted investments	0.29	0.63
<b>11 DEFERRED TAX ASSET/(LIABILITY)</b>		
<b>Deferred tax asset</b>		
Impact of difference between tax depreciation and depreciation for financial reporting	249.28	761.39
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years on payment basis	435.87	198.03
<b>Net deferred tax asset</b>	<u>685.15</u>	<u>959.42</u>

**12 LOANS AND ADVANCES**

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>(A) Unsecured, Considered Good</b>				
Capital advances	83.54	103.52	-	-
Security and other deposits	3,083.38	3,901.66	1.21	1.00
Advances recoverable in cash / kind	-	-	582.85	1,011.92
Other loans and advances				
Prepaid expenses	4.74	14.50	347.13	303.26
Loans and advances to employees	-	26.92	25.88	31.73
Advance tax	1,353.83	1,418.40	-	-
Income taxes paid under protest	253.43	253.43	-	-
Balance with statutory/government authorities	-	-	69.14	225.94
	<b>4,778.92</b>	<b>5,718.43</b>	<b>1,026.21</b>	<b>1,573.85</b>

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>(B) Advances/deposits considered doubtful</b>				
Security and other deposits	-	31.16	-	-
Other receivables/advances	203.99	239.95	-	-
	203.99	271.11	-	-
Less: Provision for doubtful advances / deposits	(203.99)	(271.11)	-	-
	-	-	-	-
<b>Total (A+B)</b>	<b>4,778.92</b>	<b>5,718.43</b>	<b>1,026.21</b>	<b>1,573.85</b>

**13 OTHER ASSETS**

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Unsecured, Considered Good</b>				
Non-current bank balances [ Refer Note 17]	753.64	735.78	-	-
Interest accrued on bank deposits	-	-	699.63	930.88
Mark to market gain on derivative contracts	-	-	1,186.91	530.10
Export incentives receivable	-	-	3,745.59	3,602.92
Other receivables	-	-	-	192.77
	<b>753.64</b>	<b>735.78</b>	<b>5,632.13</b>	<b>5,256.67</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>14 CURRENT INVESTMENTS</b>		
<b>Unquoted government securities</b>		
National Savings Certificate and Indira Vikas Patra	-	0.09
	<u>-</u>	<u>0.09</u>
Note :		
(a) Aggregate amount of unquoted investments	-	0.09
<b>15 INVENTORIES</b>		
(Valued at lower of cost and net realisable value)		
Raw materials (including packing materials) [includes material in transit Rs.340.06 lakhs (2016 : 355 lakhs)]	4,908.84	5,681.91
Work-in-progress	9,632.05	7,823.71
Finished goods	4,259.22	6,107.52
Consumables, stores and spares parts	352.10	305.20
	<u>19,152.21</u>	<u>19,918.34</u>

**16 TRADE RECEIVABLES**

	31 March 2017	31 March 2016
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	81.81	312.33
Unsecured, considered doubtful	949.08	1,137.16
	<u>1,030.89</u>	<u>1,449.49</u>
Less: Provision for doubtful receivables	949.08	1,137.16
	<u>81.81</u>	<u>312.33</u>
Other receivables		
Unsecured, considered good	7,914.83	8,183.73
	<u>7,996.64</u>	<u>8,496.06</u>

**17 CASH AND BANK BALANCES**

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Cash and cash equivalents</b>				
Cash on hand	-	-	36.71	128.41
Balance with banks :				
-- in current accounts	-	-	4,556.89	5,511.10
-- in EEFC accounts	-	-	1.91	1.95
	-	-	<u>4,595.51</u>	<u>5,641.46</u>
<b>Other bank balances</b>				
Deposits with original maturity for more than 12 months*	753.64	735.78	-	-
Deposits with original maturity for more than 3 months and less than 12 months	-	-	12,939.18	15,474.66
	<u>753.64</u>	<u>735.78</u>	<u>12,939.18</u>	<u>15,474.66</u>
Amount disclosed under non-current assets (note 13)	(753.64)	(735.78)	-	-
	<u>-</u>	<u>-</u>	<u>17,534.69</u>	<u>21,116.12</u>

\* Includes Rs. 402 lakhs (2016 - 402 lakhs) held by the bank as security against the term loan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>18 REVENUE FROM OPERATIONS</b>		
(A) Sale of Finished goods		
-- Exports	67,924.12	91,308.52
-- Domestic	17,001.68	13,937.07
	<u>84,925.80</u>	<u>105,245.59</u>
(B) Other operating revenue		
Sale of accessories, fabrics, etc	599.71	928.18
Job work income	1,336.04	1,615.05
Export incentives	6,534.29	6,122.62
Scrap sales and others (including claims)	219.81	488.96
	<u>8,689.85</u>	<u>9,154.81</u>
<b>Revenue from operations (gross)</b>	<b><u>93,615.65</u></b>	<b><u>114,400.40</u></b>
<b>19 OTHER INCOME</b>		
Interest income		
on bank deposit	1,007.26	989.76
on others	2.92	215.54
Exchange differences gains (net)	1,478.11	787.98
Profit on sale of fixed assets (net)	8.81	9.97
Excess provision of earlier years written back	229.32	115.17
Other non-operating income	291.18	1,102.70
	<u>3,017.60</u>	<u>3,221.12</u>
<b>20 COST OF RAW MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	5,681.91	7,428.34
Add: purchases	47,363.73	57,953.30
	<u>53,045.64</u>	<u>65,381.64</u>
Less: inventory at the end of the year	4,908.84	5,681.91
<b>Cost of raw materials consumed</b>	<b><u>48,136.80</u></b>	<b><u>59,699.73</u></b>
<b>21 (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
Inventories at the beginning of the year		
Work-in-progress	7,823.71	8,759.61
Finished goods	6,107.52	4,818.02
	<u>13,931.23</u>	<u>13,577.63</u>
Inventories at the end of the year		
Work-in-progress	9,632.05	7,823.71
Finished goods	4,259.22	6,107.52
	<u>13,891.27</u>	<u>13,931.23</u>
	<b><u>39.96</u></b>	<b><u>(353.60)</u></b>
<b>22 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	26,185.11	29,582.22
Contribution to provident fund and other fund	3,113.87	3,572.04
Gratuity expense	369.63	578.71
Staff welfare expenses	646.27	845.82
	<u>30,314.88</u>	<u>34,578.79</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(All amounts in Indian Rupees in lakhs, except stated otherwise)

	March 31, 2017	March 31, 2016
<b>23 OTHER EXPENSES</b>		
Consumption of consumables, stores and spares	1,063.99	1,167.05
Power and fuel	2,092.68	2,254.21
Job work charges	1,100.73	1,538.53
Other manufacturing expenses	788.29	695.94
Rent	4,212.91	3,679.52
Rates and taxes	137.87	245.82
Insurance	402.66	350.37
Repairs and maintenance		
- Plant and machinery	826.59	559.21
- Buildings	203.32	91.69
- Others	669.28	546.09
Legal and professional charges	599.39	407.15
Printing and stationery	105.07	114.02
Communication costs	217.56	153.73
Travelling and conveyance	406.42	374.07
Auditors' remuneration	102.19	84.99
Director's remuneration	185.20	184.07
Clearing, forwarding and freight (net of recoveries)	1,186.29	983.14
Provision for doubtful deposits and advances*	203.99	18.40
Capital work in progress written off	-	136.23
Irrecoverable balances written off	44.70	208.23
Provision for doubtful debts*	102.62	489.61
Bad debts written off	332.14	362.60
Export claims	359.30	408.35
Miscellaneous expenses	1,205.52	1,584.70
	<b>16,548.71</b>	<b>16,637.72</b>
* Net of Rs. 561.81 adjusted against opening provision		
<b>24 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on property, plant and equipment	1,751.94	2,186.49
Amortisation on intangible assets	54.03	31.03
	<b>1,805.97</b>	<b>2,217.52</b>
<b>25 FINANCE COSTS</b>		
Interest		
- on term loans	7.29	572.55
- on packing credit / demand loan	2,184.46	1,795.09
- on bill discounting and others	720.33	891.95
Exchange difference to the extent considered as an adjustment to borrowing cost	-	131.30
Bank charges	729.15	586.33
	<b>3,641.23</b>	<b>3,977.22</b>
<b>26 EXCEPTIONAL ITEMS</b>		
Profit on sale of land, building and other fixed assets	-	2,574.62
Profit on sale of investment	-	751.28
Compensation for surrender of tenancy	-	1,250.00
	<b>-</b>	<b>4,575.90</b>

(All amounts in Indian Rupees in lakhs, except stated otherwise)

## 27. Contingent liabilities (to the extent not provided for)

	31 March 2017	31 March 2016
(a) Tax / Other demands (under appeal)	442.84	469.46
(b) Guarantees given by banks	1,147.79	645.00
(c) Outstanding letters of credit	3,329.13	2,519.84
(d) Bills of exchange discounted with banks	13,395.35	13,912.04
(e) The Group is also involved in certain litigations with third parties, the impact of which is not quantifiable. These cases are pending with various courts/forums and are scheduled for hearings. After considering the circumstances and legal evaluation thereon, the management of the Group believes that these cases will not have any adverse impact on the financial statements.		

## 28. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	79.45	123.57
(b) The Group has imported capital goods without payment of duty under Export Promotion Capital Goods ('EPCG') scheme. Value of pending export obligation to be fulfilled before June 21, 2023	2,257.63	344.20
(c) For commitments relating to lease arrangements, refer Note 32		
(d) For commitments relating to forward contracts, refer Note 33		

## 29. 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 statement of profit and loss and the funded status and amounts recognised in the balance sheet:

	31 March 2017	31 March 2016
<b>Net employee benefit expense (in statement of profit and loss) :</b>		
Current service cost	313.42	396.77
Interest cost on benefit obligation	272.64	138.76
Expected return on Plan Assets	(44.99)	(37.62)
Actuarial loss / (gain)	(171.44)	80.80
<b>Net benefit expense</b>	<b>369.63</b>	<b>578.71</b>
<b>Actual return on plan asset</b>	<b>23.54</b>	<b>41.09</b>
<b>Details of Provision for gratuity (in Balance Sheet)</b>		
Defined benefit obligation	2,057.77	2,271.64
Fair value of plan asset	(809.80)	(598.88)
<b>Plan liability / (asset)</b>	<b>1,247.97</b>	<b>1,672.76</b>
<b>Changes in the present value of defined benefit obligation</b>		
Opening defined benefit obligation	2,271.64	2,224.38
Current Service Cost	313.42	396.77
Interest Cost	272.64	138.76
Benefits Paid	(607.04)	(572.54)
Actuarial (gain)/loss	(192.89)	84.27
<b>Closing defined benefit obligation</b>	<b>2,057.77</b>	<b>2,271.64</b>

(All amounts in Indian Rupees in lakhs, except stated otherwise)

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

	31 March 2017	31 March 2016
Opening fair value of plan asset	598.88	408.62
Expected return	44.99	37.62
Actuarial gain / (loss)	(21.45)	3.47
Contributions by employer	794.42	721.71
Benefits Paid	(607.04)	(572.54)
<b>Closing fair value of plan asset</b>	<b>809.80</b>	<b>598.88</b>

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

	31 March 2017	31 March 2016
Discount Rate	6.45%	7.21%
Estimated Rate of return on Plan Assets	6.45%	8.00%
Attrition Rate	40.00%	40.00%
Rate of escalation in Salary per annum	8.00%	10.00%
Retirement Age	60 years	60 years

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

	31 March 2017	31 March 2016
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 & demand in the employment market.
2. The estimated rate of return on plan assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
3. The Group expects to contribute Rs. 793.91 lakhs to the gratuity fund in 2017-18.

Amounts for the current year and previous four year period are as follows:

	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligation	2,057.77	2,271.64	2,224.38	1,661.54	1,339.81
Plan assets	809.80	598.88	408.62	140.68	173.09
(Surplus) / deficit	1,247.97	1,672.76	1,815.76	1,520.86	1,166.72
Experience adjustment on plan liabilities	(192.89)	84.27	364.24	132.14	(7.03)
Experience adjustment on plan assets	(21.45)	3.47	32.52	6.37	(0.06)

**30. 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.



(All amounts in Indian Rupees in lakhs, except stated otherwise)

b) Secondary business segment (by geographical area based on location of customers):

The Company mainly operates in two geographical areas of the world, i.e., India and Rest of World, the details of which are as below:

Geographical Segment

Distribution of Company's sales by geographical market:	31 March 2017	31 March 2016
In India	24,831.53	22,559.44
Rest of world	68,215.96	91,732.90
<b>Total</b>	<b>93,047.49</b>	<b>114,292.34</b>

Carrying amount of segment assets by geographical area in which assets are located:	31 March 2017	31 March 2016
In India	62,830.78	68,051.20
Rest of world	4,208.09	5,577.69
<b>Total</b>	<b>67,038.87</b>	<b>73,628.89</b>

All fixed assets are located in India.

31. 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
b.	<i>Key management personnel:</i>	
	Director and Chief Executive Officer	Gautam Chakravarti (resigned effective May 25, 2015)
	Vice Chairman and Managing Director	Padala Ramababu (appointed effective on May 25, 2015)
	Chief Financial Officer (CFO)	Sumit Keshan (resigned effective on Nov 15, 2015)
	Chief Financial Officer (CFO)	Sathyamurthy A (appointed effective on Nov 16, 2015)
	Company Secretary	Ramya Kannan

B. Transactions with related party:

Nature of transactions	Key managerial personnel		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Remuneration paid to Key Managerial Personnel</b>			272.39	244.81
Gautam Chakravarti	-	14.08		
Padala Ramababu	166.96	112.69		
Sumit Keshan	-	87.35		
Sathyamurthy A	96.42	22.49		
Ramya Kannan	9.01	8.20		

C. Balances as at the year end:

Nature of balances	Key managerial personnel		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Remuneration payable to Key Managerial Personnel</b>			11.82	25.35
Padala Ramababu	6.27	21.53		
Sathyamurthy A	4.89	3.24		
Ramya Kannan	0.66	0.58		

(All amounts in Indian Rupees in lakhs, except stated otherwise)

### 32. 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. All leases include a clause to enable upward revision of the rental charge on a periodic basis as specified under the rental agreement. The charge on account of lease rentals for the year is Rs. 4,212.91 lakhs (2016: Rs.3,679.52 lakhs).

Future obligations of lease rentals for non cancellable period under respective lease agreements are as follows.

	31 March 2017	31 March 2016
Not later than one year	1,583.66	1,483.36
Later than one year and not later than five years	2,647.44	3,760.82
Later than five years	-	-
	4,231.10	5,244.18

### 33. Derivative instruments and unhedged foreign currency exposure

#### a) Particulars of Derivative contracts: Forward contract outstanding as at balance sheet date

Sell contracts	31 March 2017		31 March 2016		Purpose
	foreign currency (in lakhs)	Rs. (in lakhs)	foreign currency (in lakhs)	Rs. (in lakhs)	
USD	434.78	29,748.62	331.29	22,788.84	Hedge of expected future sales

#### b) As of the Balance Sheet date, the Group unhedged foreign currency exposure is as under:

	Receivables / (Payables)			
	31 March 2017		31 March 2016	
	Amount in foreign currency	Amount Rs. in lakhs	Amount in foreign currency	Amount Rs. in lakhs
Bank balances – USD	2,943	1.91	2,943	1.95
Trade receivables – USD*	6,074,356	3,937.55	6,795,231	4,507.62
Trade receivables – EUR*	-	-	859	0.64
Trade receivables – GBP*	38,825	31.42	979,301	931.81
Loans and advances – USD	379,500	239.12	587,518	389.73
Loans and advances – EUR	-	-	2,681	2.01
Loans and advances – GBP	-	-	900	0.86
Trade payables – USD	(1,762,501)	(1,142.67)	(2,763,955)	(1,833.75)
Trade payables – EUR	-	-	(18,092)	(13.58)
Trade payables – GBP	-	-	(7,164)	(6.82)
Other current liabilities – USD	(216,818)	(140.57)	-	-

\* net of export bills discounted

### 34. Exchange difference

	31 March 2017	31 March 2016
Exchange difference loss/ (gain) on		
Pre-shipment packing credit	-	53.55
Post-shipment credit	(394.28)	(262.62)
Forward contracts and options	(1,506.82)	(689.32)
Foreign currency receivables	408.52	(38.44)
Foreign currency payables	14.47	148.85
	(1,478.11)	(787.98)

(All amounts in Indian Rupees in lakhs, except stated otherwise)

### 35. Employee stock option Plans (Equity settled)

In September 2010, the shareholders of the Group approved Stock Option Plan (ESOP 2010) in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) for Employees Stock Options Plan. The plan covered all employees of the Group including employees of subsidiaries and directors and provided for the issue of 1,718,800 shares of Rs. 5 each. The Company follows intrinsic method of accounting for stock compensation cost pursuant to the Guidance Note on "Accounting for Employee Share - Based Payments" issued by the "Institute of Chartered Accountants of India".

415,000 (2016: Nil) options have been granted during the year and 558,336 (2016: 408,339) are outstanding as at March 31, 2017. The vesting period ranges from 1 to 7 years. Weighted average of remaining contractual life is 7.77 years (2016: 7.37 years). The weighted average exercise price of all the options is Rs. 62.07 (2016: Rs. 42.34). There is no compensation cost since the exercise price is equal to the intrinsic value as at the date of grant.

The weighted average fair value of options granted during the year was Rs. 55.09 (2016: Rs. Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2017	31 March 2016
Dividend yield %	-	*
Expected volatility %	62.30%	*
Risk free interest rate	6.45%	*
Weighted average share price	62.07	*
Exercise price	72.55	*
Expected life of options granted in years	10	*

\* Not applicable since no ESOP's were granted during the year.

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

### 36 Specified Bank Notes (SBNs)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	17.37	20.85	38.22
(+) Permitted receipts	-	62.12	62.12
(-) Permitted payments	-	(37.04)	(37.04)
(-) Amount deposited in Banks	(17.37)	(5.50)	(22.87)
Closing cash in hand as on 30th December, 2016	-	40.43	40.43

*(All amounts in Indian Rupees in lakhs, except stated otherwise)*

- 37 During the year ended March 31, 2017, the Group has recognised deferred tax asset to the extent that there is virtual certainty supported by convincing evidence based on the future profitability and projections of the Company, backed by confirmed customer orders on hand as at the year end. The Management believes that there is sufficient assurance that future taxable income will be available against which the deferred tax assets can be realized.
- 38 The Group is in process of taking necessary steps to comply with the Transfer Pricing requirements relating to the preparation & maintenance of the Transfer Pricing documentation with respect to the specified domestic transactions entered into by the Company during financial year ended March 31, 2017. The Management is of the opinion that the specified domestic transactions are at arm's length and hence the aforesaid legislation will not have any impact on the standalone financial statements, particularly on the amount of tax expense and that of provision for taxation.
- 39 The Group had filed petition with the Company Law Board for compounding of offence u/s. 297 of the erstwhile Companies Act, 1956 for the transactions entered with CMS Info Systems Private Limited between July 2009 to October 2011 and as at date, the petition is pending with the Company Law Board.

For periods subsequent to October 2011, the Group had filed an application with Central Government, Ministry of Corporate Affairs, seeking its approval u/s. 297(1) of the erstwhile Companies Act, 1956 for entering into contract with CMS Info Systems Private Limited which is pending approval.

- 40 The Company has applied for a scheme of amalgamation of 9 wholly owned subsidiary companies with the Company. The appointed date of amalgamation is April 1, 2016. The application is filed with the Hon'ble National Company Law Tribunal on February 23, 2017. The Company awaits necessary approvals for the merger to become effective.
- 41 An open offer is proposed by Clear Wealth Consultancy Services LLP ("Acquirer") along with Mathew Cyriac {Person acting in concert ("PAC") 1}, Gazania Advisory LLP ("PAC II"), Westex Infotech Private Limited ("PAC III") and Gautham Madhavan ("PAC IV") (PAC I, PAC II, PAC III and PAC IV are collectively referred to as "PACs"). This Open Offer is being made pursuant to the execution of share purchase agreement dated March 31, 2017 ("SPA") by the Acquirer with Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd, being the current promoter of the Target Company. Pursuant to SPA, the Acquirer has agreed to acquire 13,955,742 equity shares representing 39.94% of fully paid-up equity share capital of the Target Company at a price of Rs. 42 per equity share aggregating to Rs. 586,141,164 payable in cash. This Open Offer is being made under Regulations 3(1) and 4 of the SEBI (SAST) Regulations, 2011 to all public shareholders of the Target Company, pursuant to which the Acquirer will acquire up to 9,179,993 equity shares representing 26% of expanded voting share capital of the Target Company at a price of Rs. 63.25 per equity share payable in cash subject to the terms and conditions set out in the detailed public statement and letter of offer that will be sent to all public shareholders of the Target Company.

42. Additional information, as required under Schedule III to the Act, of enterprises consolidated as subsidiary/ associates/ joint ventures

Name of the entity	Net assets i.e. total assets minus total liabilities				Share in profit or loss			
	As % of consolidated net assets*		Amount in lakhs		As % of consolidated profit or loss*		Amount in lakhs	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
<b>Parent</b>								
Gokaldas Exports Limited	81.00%	85.20%	14,014.85	18,392.91	(101.78%)	99.30%	(4,997.89)	6,090.70
<b>Subsidiaries</b>								
<b>Indian</b>								
All Colour Garments Private limited	2.25%	2.00%	384.84	346.28	0.79%	-	38.56	(2.59)
Deejay Trading Private Limited	1.00%	1.00%	123.92	122.55	0.10%	0.10%	1.37	4.75
Glamourwear Apparels Private Limited	1.00%	1.00%	161.91	159.37	0.10%	0.10%	2.55	5.55
Madhin Trading Private Limited	-	-	82.57	79.78	0.10%	0.10%	2.79	5.55
Magenta Trading Private Limited	-	-	78.57	75.82	-	-	2.75	3.40
Rafter Trading Private Limited	-	-	78.42	75.26	0.10%	0.10%	3.17	4.39
Rajdin Apparels Private Limited	1.25%	1.00%	211.32	209.23	-	-	2.09	6.93
Reflexion Trading Private Limited	-	-	34.12	28.54	0.10%	0.10%	5.58	5.59
Rishikesh Apparels Private Limited	1.00%	1.00%	113.00	104.38	0.18%	0.10%	8.62	5.74
Seven Hills Clothing Private Limited	2.00%	1.30%	332.56	329.86	-	0.10%	2.70	4.14
SNS Clothing Private Limited	9.50%	7.50%	1,584.21	1,581.39	-	-	1.75	2.34
Vignesh Apparels Private Limited	1.00%	-	97.53	82.22	0.31%	-	15.31	(2.89)
	100.00%	100.00%	17,297.82	21,587.59	(100.00%)	100.00%	(4,910.65)	6,133.60

\* Rounded off to zero for insignificant items.

43. Previous year comparatives

Previous year figures have been regrouped/re-arranged/reclassified, wherever necessary to conform to the current year's presentation.

As per our report of even date

**for Girish Murthy & Kumar**  
Chartered Accountants  
ICAI Firm Registration No: 0009345

**per A.V. Satish Kumar**  
Partner  
Membership No. F-26526  
Place: Bengaluru  
Date: May 19, 2017

**for S R Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration No: 101049W/E300004

**per Navin Agrawal**  
Partner  
Membership No: 056102  
Place: Bengaluru  
Date: May 19, 2017

**For and on behalf of the  
Board of Directors  
Gokaldas Exports Limited**

**Richard B Saldanha**  
Chairman  
DIN No. 00189029

**Padala Ramababu**  
Vice Chairman & Managing Director  
DIN No. 00149649

**Sathyamurthy A**  
Chief Financial Officer

**Ramya Kannan**  
Company Secretary  
Place: Bengaluru  
Date: May 19, 2017

