

# gokaldas exports Ltd

GEL/SEC/2015-16

28<sup>th</sup> September, 2016

**Bombay Stock Exchange Limited**  
Floor 25, P.J Towers,  
Dalal Street,  
MUMBAI - 400 001

SCRIP CODE: 532630

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

GOKEX

Dear Sir,

**Sub: Submission of information pursuant to Regulation 19(3) (i) of Securities Contracts (Regulations) Rules, 1957 - Reg.**

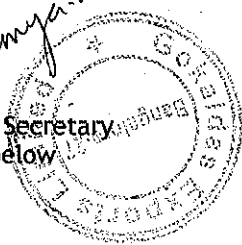
In pursuance of Regulation 19(3) (i) of Securities and Contracts (Regulations) Rules, 1957 enclosed is the copy of the Annual Report for the financials year 2015-16. The Annual Reports were dispatched to the members of the Company on 1<sup>st</sup> September, 2016.

Kindly acknowledge the receipt

Thanking you,

Yours truly,  
for **GOKALDAS EXPORTS LIMITED**

*Ramya K*  
Ramya K  
Company Secretary  
Encl: as below



Regd. Office :

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

Telephone : 22223600 - 1- 2, 41272200

Fax No. 91 - (080) - 22274869 22277497 E-mail : gokex@vsnl.com

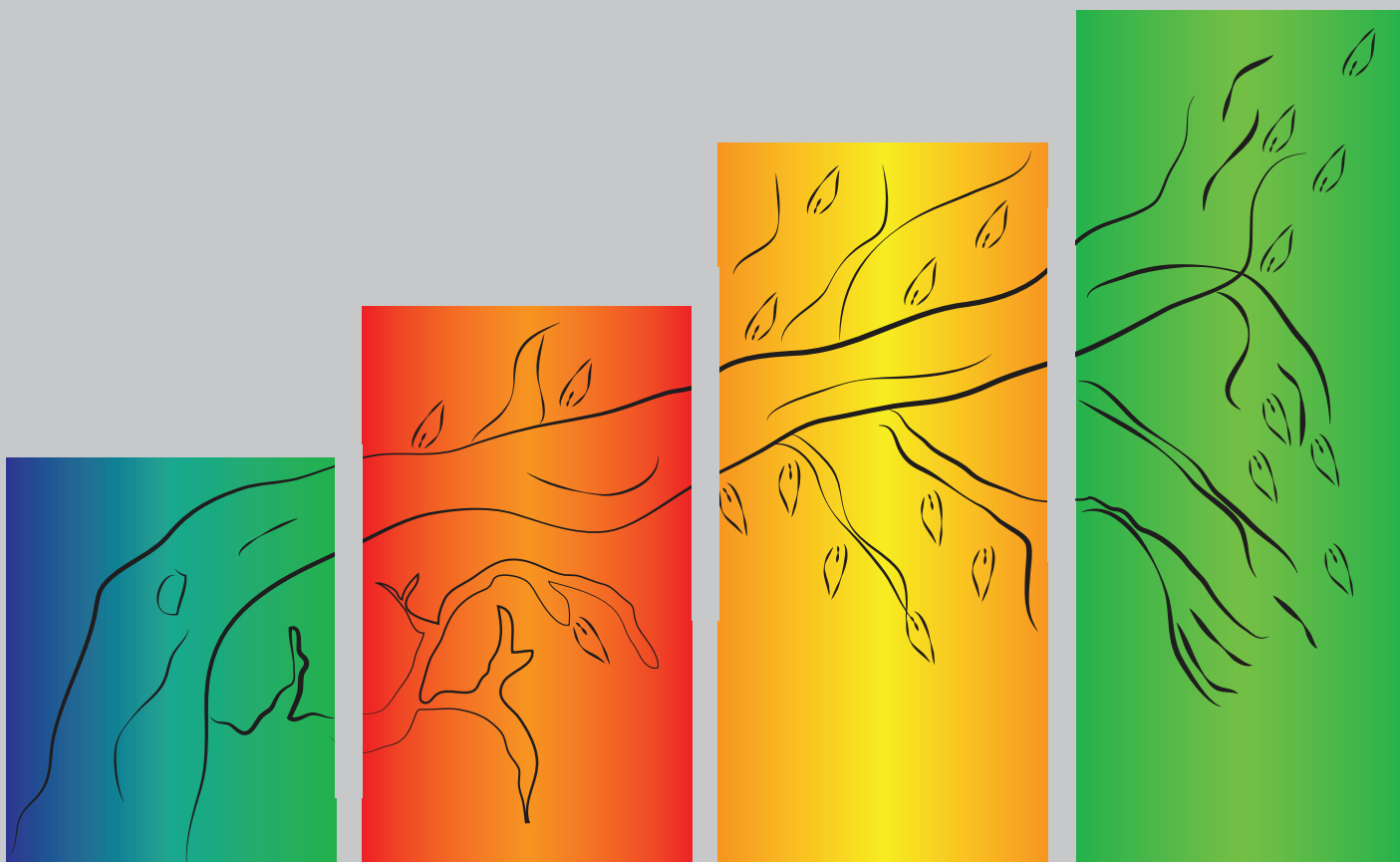
CIN # . L18101KA2004PLC033473



Intertek



014



13th A N N U A L R E P O R T  
2 0 1 5 - 2 0 1 6



gokaldas exports ltd.

Since 1979



gokaldas exports ltd.



One team for all seasons





# CONTENTS

## 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

Board of Directors .....	2
Chairman's Statement .....	3
Directors' Report .....	4
Corporate Governance Report .....	22
Management Discussion and Analysis Report .....	37
Auditors' Report .....	42
Annexure to Auditors' Report .....	44
Balance Sheet .....	48
Statement of Profit & Loss .....	49
Cash Flow Statement .....	50
Notes to Financial Statements .....	52
Consolidated Financial Statements .....	76

*Won highest number of export awards*



## BOARD OF DIRECTORS

---



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

---



**Richard B Saldanha**  
*Chairman*

Dear Shareholders,

Financial Year 15-16 was a crucial year in the company's journey of transformation and turnaround.

With new leadership at helm and relentless focus on improving profitability, the company achieved significant improvement in its profitability.

The company has realigned its customer portfolio and took several measures to rationalize capacity utilization to improve operating margins, by enhancing productivity and operational excellence. The company also executed an organisation restructuring and leveraged its strong design expertise to provide better customer service.

We also expect recent Government initiatives and the new textile policy will enhance India's competitiveness and give tailwinds to the apparel exports sector in India.

There is a clear shift in consumer behaviour affecting Brands and Retail

Outlets: with new customers and different retail formats emerging. Our Mission is to be customer-centric and closely connect with our Customers and markets.

The apparel exports industry continues to face challenges, but your Company has partially offset these by rationalizing cost structure across the value chain. Your company has also unlocked real estate assets to improve liquidity and lower borrowings. All these measures have delivered a significant increase in PBT.

We play to our strengths in monitoring and tracking market trends and taking decisive initiatives to create value and improve our speed -to -market.

On behalf of the organisation, I thank our valued customers who continue to support us. We truly value the trust they have reposed in the company and we will continue to serve and strive towards creating sustainable partnership.

I express my gratitude to all the employees for their utmost dedication

and service in the past : it's our source of strength to secure the future.

We also thank our business partners, vendors, and other business associates, who form our extended partnership network. We depend on their continued support as key enablers and their continued support has been instrumental in overcoming challenges. We value these relationships as they are an integral part of our business.

Further, I thank this outstanding board for their guidance on governance and strategic direction.

I also wish to thank you and all stake holders for continued patience, support, confidence, encouragement and trust, in the Company.



# DIRECTORS' REPORT

We have pleasure in presenting Thirteenth Annual Report on the business and operations of the Company together with the Audited Results for the financial year ended March 31, 2016.

## Financial Results (Standalone)

Your Company's performance during the year as compared with that during the previous year is summarized below: (Rs. In lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Revenue	115,096.52	111,629.63
EBITDA	6,558.57	6,755.45
Other Income	4,541.81	4,355.31
PBT	5,107.72	3,435.58

## Review of Operations

Gokaldas Exports, on a standalone basis, has reported total revenue of Rs.115,097 Lakhs which is 3.11% higher than that of previous year. There are positive indicators from the US markets as their economy is showing signs of improvement. Gokaldas Exports has been steadily growing in European markets despite financial stress in few countries. There is also focus on reviewing the product mix to give higher focus on products with higher margins.

The Company has maintained a positive performance and achieved higher PBT over the last year, despite the competitive pricing and cost inflations. The Company has unlocked some of its real estate assets to improve liquidity and reduce the borrowings during the financial year.

## Key Cost Metrics

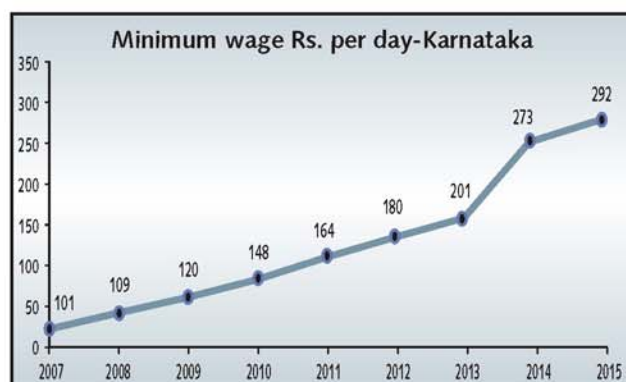
In order to meet the challenges of competitive pricing from the international customers, the company has taken the following initiatives during the year 2015-16:

- 1) Rejigged the customer portfolio to focus on profitable, high volume and high growth customers
- 2) Discontinued non-profitable customer orders
- 3) Consolidated factories and optimized infrastructure
- 4) Rationalized cost structure across the value chain

These initiatives have resulted in improved key cost metrics as detailed below thereby leading to better performance. (% to Sales)

	FY16	Fy15
Raw Material Cost (Including inc/dec in Inventory)	51.73	48.93
Wage cost	10.58	11.35
Other Expenses	31.98	33.66
Depreciation and amortisation expense	1.78	2.68
Finance costs	3.43	4.19

Wage costs form a significant part of our costs, which has seen increase in rates over the years as follows. As can be seen from the chart below, minimum wage in Karnataka has gone up 3 times over the past 8 years. Rising trend in wholesale price index (WPI) also reflects continuing inflationary pressure on operating costs.



Despite the inflation, the company has reduced the manpower cost during the year.

The increase in material cost ratio is attributed to the product mix. Improved liquidity on account of unlocking real estate assets coupled with interest subvention scheme announced by the Govt. of India during the year has enabled the company to lower the finance cost.

We have undertaken substantive strategic measures to improve our performance, viz: focus on increasing share of business with existing customers, churn customer and product portfolio as required, develop new customers and markets, focus on high margin product basket, strengthen design capabilities, improve manufacturing efficiencies, and sustain focus on tighter financial management. 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.

#### 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.

#### Significant or Material Orders Passed by Regulators / Courts

During the year under review, there were no significant or material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

#### 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.

#### ESOP- 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 1,94,994 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 upto Rs.173,946,630 as on March 31, 2016 from 172,971,660 as on March 31, 2015.

#### Directors and Key Managerial Personnel

During the year 2015-16, Dr. Y S P Thorat, Director, resigned from Directorship with effect from 1st December, 2015.

The Board of Directors Places on record its sincere appreciation to Dr. Y S P Thorat for his invaluable contribution to the Company during his tenure as Independent Director.

Mr. Sumit Keshan, Chief Financial Officer has resigned with effect from 15th November, 2015.

Mr. Sathyamurthy A, Chief Financial Officer has been appointed with effect from 16th November, 2015.

Mr. P. Ramababu was appointed as Vice Chairman and Managing Director with effect from 25th May, 2015.

Mr. Gautam Chakravarti, CEO and WTD has resigned with effect from 25th May, 2015.

Mr. Mathew Cyriac, Director, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

The brief resume/details relating to Director being re-appointed as stipulated under Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is furnished in the Notes forming part of Notice of the AGM.

#### 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 meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

#### Board Evaluation:

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 25, 2015, August 12, 2015, September 18, 2015, November 9, 2015, January 5, 2016 and February 12, 2016. The Particulars of Directors & their attendance during the financial year 2015-16 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 provisions contained in Section 134(3)(c) of the Companies Act, 2013, the Board to the best of its knowledge and belief and according to the information and explanations obtained by it confirm that:

- in the preparation of the annual accounts, for the financial year ended 31st March 2016, applicable accounting standards have been followed and no material departures have been made for the same;
- the accounting policies mentioned in Note 2 of the Notes to the financial statements have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis;
- the internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and operating effectively;
- proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are 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
- 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 Reverse Osmosis plant in Denim Laundry for recycling of waste water

## Corporate Governance

Your Company is committed to maintaining the highest standards of Corporate Governance. Your Directors adhere to the standards set out by the Securities and Exchange Board of India's (SEBI) Corporate Governance practices. 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

At the AGM held on 29th September, 2014 the Members approved the appointment of M/s S R Batliboi & Associates LLP, Chartered Accountants and M/s Girish Murthy & Kumar Chartered Accountants as the Joint Statutory Auditors for a period of three (3) years from the Eleventh AGM till the conclusion of the Fourteenth AGM subject to the approval of the Audit Committee and ratification by the Members every year. As recommended by the Audit Committee, the Board has proposed the re-appointment of M/s S R Batliboi & Associates LLP, Chartered Accountants and M/s Girish Murthy & Kumar Chartered Accountants as Joint Statutory Auditors for fiscal 2016-17.

There are no Qualification, reservation or adverse remark or disclaimer made by the auditors.

### 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.

It has been observed that :

MR-1 in relation to appointment of Mr. P. Ramababu, Vice Chairman and Managing Director has been filed belatedly.

The Board of Directors has taken note of the same and will ensure filing in time in future.

## Particulars of Employees

The Statement containing particulars of employees as required under Section 197 of the Companies Act, 2013 read with



rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in an annexure forming part of this Annual Report.

#### 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. 93,302 lakhs  
Out go : Rs. 25,233 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, 2016, 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 2015-16 in Form MGT-9 is given as Annexure to this Report.

#### 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.

#### Risk Management Policy

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)

#### Shifting of Registered Office

Your Directors wish to inform you that, our registered office has been shifted from No. 70, Mission Road, Bengaluru – 27 to No. 16/2, Residency road, Bengaluru – 25 with effect from 11 December, 2015. Necessary intimation and filings have been made with the regulatory authorities.

#### 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  
9th August, 2016

# ANNEXURE TO DIRECTORS' REPORT

## 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	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, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016
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	1.00	2.00	2.00	2.00	2.00
4	Reserves & Surplus	344.28	120.55	157.37	77.78	73.82	73.26	207.23	27.54	102.38	327.86	1580.46	80.23
5	Total Assets	356.42	377.46	524.59	439.85	633.61	497.89	709.53	328.19	728.96	1817.33	1893.40	92.07
6	Total Liabilities	356.42	377.46	524.59	439.85	633.61	497.89	709.53	328.19	728.96	1817.33	1893.40	92.07
7	Investments	0.00	0.01	0.09	0.01	0.03	0.00	0.01	0.03	0.00	0.00	0.02	0.08
8	Turnover	0.86	1,968.84	1,673.94	1,815.18	2,890.71	2,397.84	2,694.25	1,700.06	3,132.36	7,173.88	1,752.10	-
9	Profit before taxation	-2.59	37.56	13.05	24.19	21.14	-2.48	16.69	15.00	31.61	51.06	-1.64	-2.89
10	Provision for taxation	0.00	32.81	7.49	18.64	17.74	-6.87	9.76	9.40	25.87	46.92	-3.98	0.00
11	Profit after taxation	-2.59	4.75	5.56	5.55	3.40	4.39	6.93	5.59	5.74	4.14	2.33	-2.89
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
- Names of Subsidiaries which have been liquidated or sold during the year - Robot Systems Pvt Ltd



## 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:

- 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 2015-16 (Rs lacs)	Remuneration Paid FY 2014-15 (Rs lacs)	Increase in remuneration over previous year (Rs lacs)	Ratio/times per Median of employee remuneration
1	P. Ramababu *	VC & MD	102.26	0	NA	48.93
2	Mr. Gautam Chakravarti**	CEO & WTD	14.08	110	Nil	6.74

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

\*Appointed wef May 25, 2015

\*\* resigned wef May 25 2015

- 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 – Nil  
Mr. Sathyamurthy . A, Chief Financial officer – Nil (Appointed w e f 16th November, 2015)  
Ms. Ramya K, Company Secretary – 8.00%
- The percentage increase in the median remuneration of employees in the financial year : 8%
- The number of permanent employees on the rolls of Company as of 31 March 2016: 22337
- The explanation on the relationship between average increase in remuneration and Company performance: in line with Industry Practice
- Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company. During the year the Company has not done any fixed remuneration revision for the VC & MD and CFO.
- 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, 2016	March 31, 2015	% Change
Market Capitalization (Rs. Crores)	215	143	50.335
P/E Ratio	3.60	4.20	-14.28

- 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 higher than the increase in managerial remuneration during 2015-16
- Comparison of remuneration of each of the Key Managerial personnel against the performance of the Company (as % of revenue)

Mr. P . Ramababu, VC & MD	0.090%
Mr. Sathyamurthy A, CFO	0.040%
Ms. Ramya K, CS	0.007%

- Key parameters for any variable component of remuneration availed by the directors – revenue and operational profitability.
- 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
- 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.

- b) 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	68	VC & MD	25th May, 2015	102.26	PG in Social Work	44years	Consultant	No	Nil
2	Mr. Sumit Keshan*	46	CFO	20th October, 2010	87.35	CA, CWA	23 years	Deutsche Bank	No	0.03

\*Employed for a part of the year in receipt of remuneration aggregating Rs. 8.5 lakhs per month

## 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 2015-16	85,000
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 and 80.20, 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 and 13th Aug, 2014 respectively being relevant date subject to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
C)	Options vested during FY 2015-16	3,23,333
D)	Options Exercised during FY 2015-16	1,94,994
E)	The total number of shares arising as a result of exercise of options	1,94,994
F)	Options lapsed FY 2015-16	5,33,335
G)	Variation Terms of Options	Nil
H)	Money Realized by exercise of options	Rs.64,79,870
I)	Total Number of Options in Force as on March 31,2016	9,41,674
J)	Employee-wise details of options granted to	Details as under :
	i) Senior Managerial Personnel	Yes
	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. 17.18
L)	i) the Method of calculation of Employee Compensation Cost	Fair Value Method Black-Scholes-Merton
	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	Nil
	iii) The impact of the difference on profits and on EPS of the Company	Nil
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	Not Applicable – Since no options were granted during the year
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	Not Applicable – Since no options were granted during the year

## ANNEXURE TO DIRECTORS' REPORT

---

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 30, 2016



---

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016**  
**[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 2016 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 2016 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, 1992 (up to 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 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:

The Central Excise Act, 1944,  
The Customs Act, 1962,  
The Karnataka Value Added Tax,  
The Central Sales Tax Act, 1956  
The Payment of Bonus Act, 1965,  
The Environment Protection Act, 1986,

---

The Maternity Benefit Act, 1961  
The Factories Act, 1948,  
The Minimum Wages Act, 1948,  
The Payment of Wages Act, 1936,  
The Employees Provident Funds and Miscellaneous Provisions Act, 1952,  
The Employees State Insurance Act, 1948  
The Payment of Gratuity Act, 1972,  
The Industrial Disputes Act, 1947,  
The Employees Compensation Act, 1923,  
The Equal Remuneration Act, 1976 and  
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 (up to 30th November 2015) and 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 (effective 1st December, 2015).

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

1. ***Form MR -1 [Return of appointment of key managerial personnel] in relation to the appointment of Mr. P. Ramababu, Managing Director has been filed belatedly.***

**I further report that**

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 following Special resolutions which are having major bearing on the Company's Affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.:

1. Appointment of Mr. P. Ramababu, as Vice Chairman and Managing Director.
2. Transfer of Building Plant & Machinery and related assets pertaining to the Company's property at 76/77, 6th Main, 3rd Phase, Peenya Industrial Area, Bangalore, to its wholly owned subsidiary, Robot Systems Pvt Ltd.
3. Transfer of Shares of the Company's subsidiary, Robot Systems Private Limited.
4. Transfer of Land and Building pertaining to the Company's Property at Nacharam, Hyderabad To Its Wholly Owned Subsidiary, All Colour Garments Pvt Ltd.
5. 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, Yeshwanthpura, Bangalore.
6. Transfer / Sale of Land, Building, and related assets pertaining to the Company's Property at Nacharam, Hyderabad.
7. 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 and
8. 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.

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 30, 2016

**FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****As on financial year ended on 31.03.2016****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	6105	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**

	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
Category of Shareholders	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	57.77	19983742	0	19983742	57.44	0.32
(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	57.77	19983742	0	19983742	57.44	0.32
Total A=A(1)+A(2)	19983742	0	19983742	57.77	19983742	0	19983742	57.44	0.32
(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	3784984	0	3784984	10.94	408501	0	408501	1.17	9.77
(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	0	0	0	0.00	5169	0	5169	0.01	-0.01
(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) :	3784984	0	3784984	10.94	413670	0	413670	1.19	9.75

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2015]				No. of Shares held at the end of the year[As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)NON-INSTITUTIONS									
(a) Bodies Corporate	3510722	0	3510722	10.15	4397905	0	4397905	12.64	-2.49
(b) Individuals									
(i) Individuals holding nominal share capital upto Rs.1 lakh	2865012	619	2865631	8.28	6355653	3952	6359605	18.28	-10.00
(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	4359397	0	4359397	12.60	3027945	0	3027945	8.70	3.90
(c) Others									
CLEARING MEMBERS	47530	0	47530	0.14	73498	0	73498	0.21	-0.07
NONRESIDENT INDIANS	42326	0	42326	0.12	532961	0	532961	1.53	-1.41
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total B(2) :	10824987	619	10825606	31.29	14387962	3952	14391914	41.37	-10.08
Total B=B(1)+B(2) :	14609971	619	14610590	42.23	14801632	3952	14805584	42.56	-0.32
Total (A+B) :	34593713	619	34594332	100.00	34785374	3952	34789326	100.00	0.00
(C) Shares held by custodians, against which Depository Receipts have been issued	0	0	0	0.00	0	0	0	0.00	0.00
(1) Promoter and Promoter Group	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) :	34593713	619	34594332	100.00	34785374	3952	34789326	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	57.77	100	19983742	57.44	100	0.33

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	57.77	19983742	57.44

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	19983742	57.77	19983742	57.44
2.	ICICI Bank Ltd*	3485500	10.08	0	0
3.	Shinano Retail Pvt Ltd*	1413513	4.09	1413513	4.06
4.	Madanlal Jhamandas Hinduja*	1227934	3.55	0	0
5.	Rajendra J Hinduja*	1121486	3.24	0	0
6.	Dinesh Jhamandas Hinduja*	897346	2.59	0	0
7.	Ojasvi Trading Pvt Ltd*	867000	2.51	867000	2.49
8.	Life Insurance Corporation of India*	299484	0.87	299484	0.86
9.	Param Capital Research Pvt Ltd*	200652	0.58	0	0
10.	Zaki Abbas Nasser*	200000	0.58	370000	1.06
11.	Chetan Jayantilal Shah#	0	0	341000	0.98
12.	Bhadra Jayantilal Shah#	0	0	325000	0.93
13.	Jayantilal Premji Shah#	0	0	304000	0.87
14.	Sudhir Shivji Bheda#	0	0	107346	0.31
15.	Angel Fincap Pvt Ltd#	0	0	93795	0.27

1. The Shares of the Company are substantially held in dematerialised 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, 2015 and March 31, 2016

\*Top 10 Shareholders as on April 1 2015

#Top 10 shareholders as on March 31 2016



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	Arun K Thiagarajan, Independent Director At the beginning of the year	0	0	0	0
	August 12th, 2015 Allotment	3333	0.01	0	0
	At the end of the year	0	0	0	0
3	Jitendra H Mehta, Independent Director At the beginning of the year	0	0	0	0
	November 9th, 2015 Allotment	3333	0.01	0	0
	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 K - 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	310.86	0	0	310.86
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	2.15	0	0	2.15
Total (i + ii + iii)	313.01	0	0	313.01
Change in Indebtedness during the financial year				
* Addition	32.15	0	0	32.15
* Reduction	0	0	0	0
Net Change	32.15	0	0	32.15
Indebtedness at the end 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

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	Gautam Chakravarti, WTD & CEO uptill 25th May, 2015	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,02,25,807	14,07,965	1,16,33,772
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	10,42,833	0	10,42,833
	(c) 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			
	- as % of profit	0	0	0
	- others, specify...	0	0	0
5	Others, please specify Incentive	0	0	0
	Total (A)	1,12,68,640	14,07,965	1,26,76,605
	Ceiling as per the Act	0	0	0

## B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors						Total Amount
		Arun K Thiagarajan, Independent Director	J H Mehta, Independent Director	Dr. Y S P Thorat, 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	7,20,000	11,20,000	8,00,000	4,80,000	0	0	31,20,000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	Total (1)	7,20,000	11,20,000	8,00,000	4,80,000	0	0	31,20,000
2	Other Non-Executive Directors							
	Fee for attending board committee meetings		0	0	0	800,000	0	800,000
	Commission	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	Total (2)	0	0	0	0	800,000	0	800,000
	Total (B)=(1+2)	7,20,000	11,20,000	8,00,000	4,80,000	8,00,000	0	39,20,000
	Total Managerial Remuneration	0	0	0	0	0	0	0
	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	1,00,000 per meeting

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

SN	Particulars of Remuneration	Key Managerial Personnel			
		Sumit Keshan, CFO up till 15th November, 2015	Sathyamurthy A, CFO from 16th November, 2015	Ramya k, CS	Total
1	Gross salary				
	(a) Salary and allowances	62,55,166	22,49,000	8,20,833	93,24,999
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Bonus paid in fiscal 2016	0	0	0	0
	(d) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	9,79,600	0	0	9,79,600
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	others, specify...	0	0	0	0
5	Incentive**	15,00,000	0	0	15,00,000
	Total	87,34,766	22,49,000	8,20,833	1,18,04,599

\*\*Incentive as above pertains to year 2014-15 but paid out in 2015-16



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					

Not Applicable

# 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.

Recently, the Securities and Exchange Board of India (SEBI) sought to amend 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 Clause 49 of the Listing Agreement / Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and presents the following Corporate Governance Report for the year 2015-16, 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 Directors and Independent Directors. The Gokaldas Exports Board is a balanced Board, comprising of Executive and Non-Executive Directors. As on March 31, 2016, 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 25th 2015, August 12th 2015, September 18th 2015, November 9th 2015, January 5th, 2016 and February 12th 2016.

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 Clause 49 of the Listing Agreement and 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 2015-2016 are as under:

Sl.no	Date of the Board Meeting	Board Strength	No of Directors Present
1	May 25th 2015	7	7
2	August 12th 2015	7	7
3	September 18th 2015	7	3
4	November 9th 2015	7	5
5	January 5th 2016	6	4
6	February 12th 2016	6	5

The last Annual General Meeting (AGM) was held on Friday, September 18th, 2015, 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 :

Sl 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	9	7	1
2	Mr. Ramababu*	VC & MD, Executive Director	5	5	Yes	12	1	-
3	Mr. Gautam G. Chakravarti**	WTD&CEO, Executive Director	1	1	NA	-	-	-
4	Mr. Arun K. Thiagarajan	Non-Executive and Independent Director	6	3	Yes	8	3	2
5	Mr. Mathew Cyriac	Non-Executive Director	6	5	No	11	1	-
6	Mr. Jitendrakumar H.Mehta	Non-Executive and Independent Director	6	5	No	2	2	-
7	Dr. Yashwant S.Thorat@	Non-Executive and Independent Director	3	3	No	-	-	-
8	Ms. Smita Aggarwal	Non-Executive and Independent Director	6	3	No	2	1	-

1. \* Appointed as Vice Chairman and Managing Director with effect from 25th May 2015

2. \*\* Resigned from Board as director w.e.f 25th May 2015

3. @ Dr. Y S P Thorat has resigned from the Board as an Independent Director with effect from 1st December 2015

4. Excludes Private limited Companies, Foreign Companies and Companies registered under Section 25 of the Companies Act, 1956/Section 8 of Companies Act 2013

5. Excludes alternate Directorships but includes Additional Directorships and Directorship in Gokaldas Exports Limited

6. Committees considered are Audit Committee and Stakeholders Relationship Committee, as per Clause 49 of the Listing Agreement and Regulation 26 of SEBI (Listing obligations and Disclosure Requirements) Regulations 2015. Committee membership includes Committee Chairmanship

## Remuneration to Executive Directors

Rs in Lakhs

Name of the Director	Designation	Total
Mr. P. Ramababu	Vice Chairman & Managing Director	Rs. 112.68

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, subject to the approval of the members of the Company.

## Code of Conduct

In compliance with the Clause 49 (1) (d) of the Listing Agreement / 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, 2016.

Place : Bengaluru

Date : August 9, 2016

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 clause 49 of Listing Agreement / 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 year under review, the Audit Committee of the Company consisted of four members and all are Independent Directors with vast experience in Financial Management. The members of the Committee during the period under review were:

1. Mr. Arun K. Thiagarajan, Chairman
2. Mr. Jitendrakumar H. Mehta, Member
3. Mrs. Smita Aggarwal, Member and
4. Dr. Y S P Thorat, Member

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

During the financial year ended March 31, 2016, 4 (Four) Meetings of the Audit Committee were held on May 25, 2015, August 12, 2015, November 9, 2015 and February 12, 2016. 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	4	2
Mr. Jitendrakumar H. Mehta	4	4
Dr. Yashwant S. Thorat*	4	3
Mrs. Smita Aggarwal	4	3

\*Dr. Y S P Thorat has resigned from the Board as an Independent Director w.e.f 1st December, 2015

#### 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 external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with the external 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;

## CORPORATE GOVERNANCE REPORT

- Significant adjustments arising out of audit;
  - Going concern assumption;
  - Compliance with accounting standards;
  - 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 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 Listing Agreement / 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, one meeting of the Stakeholders' Relationship Committee was held on February 12, 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	1	0
Mr. Richard B Saldanha, Member	1	1
Mr. P. Ramababu, Member	1	1

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 Board at its meeting held on May 10, 2014 reconstituted this Committee as Stakeholders' Relationship Committee in Compliance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

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.

Monitor 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, 2015 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, 2015 to March 31, 2016 7

No. of Shareholders complaints resolved during the year April 01, 2015 to March 31, 2016 7

No. of Shareholders complaints pending as on March 31, 2016 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

## CORPORATE GOVERNANCE REPORT

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 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 three independent Directors:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Jitendrakumar H Mehta, Chairman	3	3
Mr. Arun K Thiagarajan, Member	3	2
Dr. Yashwant S Thorat*, Member	3	3
Mrs. Smita Aggarwal**, Member	NA	NA

\*Dr. Y S P Thorat has resigned from the Board as an Independent Director wef 1st December, 2015

\*\*Mrs. Smita Aggarwal has been appointed as a member of the Committee wef 5th January, 2016

The Remuneration Committee met on May 25th, 2015, August 12th, 2015 and November 9th, 2015 during the year 2015 -16.

The Board at its meeting held on May 10th, 2014 reconstituted this Committee as Nomination and Remuneration Committee in Compliance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement and Regulation 19 of the SEBI (Listing obligations and Disclosure Requirements) Regulations 2015.

#### 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 Clause 49 of the listing Agreement and section 178 of the Companies Act, 2013.

### 4. Corporate Social Responsibility Committee

Currently the Committee consists of three Directors chaired by Mrs. Smita Aggarwal, an Independent Director.

The Corporate Social Responsibility (CSR) committee was constituted by the Board at its meeting held on May 10, 2014 considering requirements of the Companies Act, 2013 relating to the formation of a Corporate Social Responsibility Policy.

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 23rd March, 2016.

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

# CORPORATE GOVERNANCE REPORT

## 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.

## 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, 2016 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.

## 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
2012-13	Monday, September 23, 2013, 11.30 A.M	Sri. Shivarathreeshwara Centre, JSS Circle, 1st Main, 38th Cross, 8th Block, Jayanagar, Bangalore - 560070
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. Shivarathreeshwara Centre, JSS Circle, 1st Main, 38th Cross, 8th Block, Jayanagar, Bangalore-560070



# 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 23, 2013	1	To appoint Mr. Gautam Chakravarti, as Whole-time Director & Chief Executive Officer of the Company for 3 years with effect from April 1, 2014 to March 31, 2017.
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.

## 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 electronic mode are requested to vote before close of business hours on the last date of e-voting.

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.

Person who conducted the Postal Ballot exercise – Mr. Nagendra D Rao, Practicing Company Secretary (Membership No. FCS - 5553 and C P NO. 7731)

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

#### **Shifting of Registered Office**

The Company has shifted its registered office from No. 70, Mission Road, Bengaluru - 560 027 to No. 16/2, Residency Road, Bengaluru – 560 025 with effect from 11th December, 2015. Necessary filing and intimation has been made to the statutory authorities.

#### **Insider Trading**

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

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

#### **Auditor's Certificate on Corporate Governance**

As required under Clause 49 of the Listing Agreement / 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 by Clause 49 of the Listing Agreement / 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 Vijaya Vani (a regional daily published from Bangalore). 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.

General Shareholder information:

<b>Annual General Meeting</b>	J N Tata Auditorium, National Science Symposium Complex, Sir CV Raman Avenue, Near Indian Institute of Science, Malleswaram 18th Cross, Kodandarampura, Bengaluru, Karnataka – 560 012. 3.00 P.M - 26th September, 2016, Monday.
<b>Date of Book Closure</b>	September 21, 2016 (Wednesday) to September 26, 2016 (Monday), (both days inclusive)
<b>Financial Results Calendar (tentative)</b>	Second week of August, 2016 - Unaudited Results for the quarter and three months ended June 30, 2016.
	Second week of November, 2016- Unaudited Results for the quarter and Six months ended September 30, 2016.
	First week of February, 2017 - Unaudited Results for the quarter and nine months ended December 31, 2016.
	Fourth week of May, 2017 - Audited Results for the year ended March 31, 2017
<b>Listing on Stock Exchanges</b>	National Stock Exchange of India Limited, Mumbai (Scrip Code - GOKEX) Bombay Stock Exchange Limited, Mumbai (Scrip Code - 532630)
<b>International Securities Identification Number (ISIN)</b>	INE887G01027
<b>Corporate Identification Number (CIN)</b>	L18101KA2004PLC033475

# CORPORATE GOVERNANCE REPORT

---

## **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 Vijaya 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 2016-17.

## **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 2016-17 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on 31st March 2016.

## **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 : 040 - 2342 0814

E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com), [www.karvycomputershare.com](http://www.karvycomputershare.com)

Contact person: Ms. Shobha Anand / Ms. Sravanthi Kodali

## **Share Transfer System:**

Shares sent for transfer in physical form are registered and dispatched within 15 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 15 days. Monitoring of Share Transfers and other investor related matters are dealt with by the Shareholders' Grievance Committee. The Company's Registrars, M/s. Karvy Computershare Private Limited process the share transfers in respect of physical securities on a fortnightly basis and the processed transfers are approved by the 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).

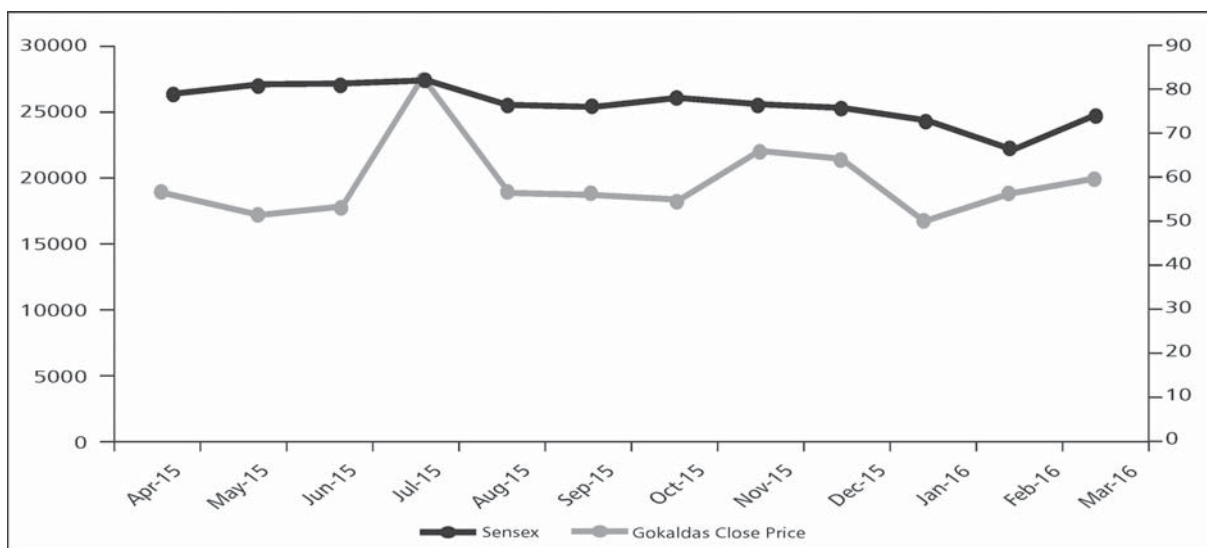
## CORPORATE GOVERNANCE REPORT

### 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-15	56.90	54.55	10987	57.25	54.00	11682
May-15	54.70	53.00	13118	54.95	52.50	28478
Jun-15	55.75	53.70	21485	56.35	52.20	18293
Jul-15	89.00	80.75	464488	88.70	80.50	1270314
Aug-15	60.90	57.85	30856	60.75	58.00	55790
Sep-15	59.50	56.85	7816	59.45	57.45	27817
Oct-15	57.50	56.10	6605	58.40	56.50	29054
Nov-15	68.10	66.10	96385	68.20	66.00	192429
Dec-15	67.85	65.50	43778	67.70	66.00	86082
Jan-16	52.50	50.55	19012	52.50	50.40	126154
Feb-16	59.50	57.10	33727	60.30	56.50	75339
Mar-16	62.85	61.30	10411	63.10	61.00	55561

### Stock Performance:

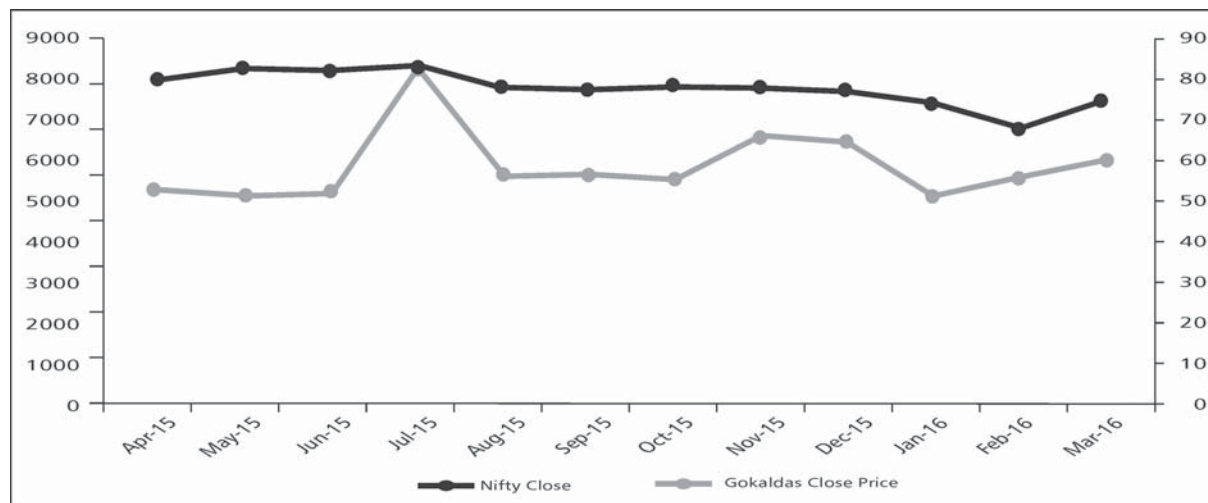
BSE – SENSEX Vs Gokaldas Exports Share Price (Monthly Closing)





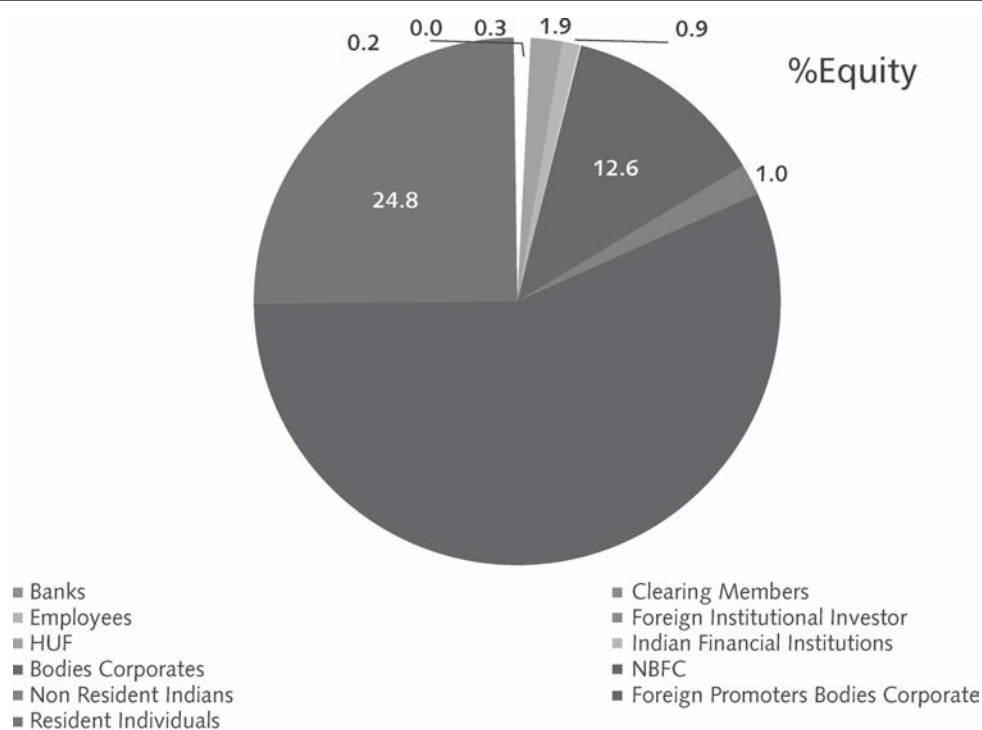
# CORPORATE GOVERNANCE REPORT

NSE – S&P CNX NIFTY V/s Gokaldas Exports Share Price (Monthly Closing)



Shareholding Pattern as on March 31, 2016:

Sl. No.	Description	No. of Shareholders	Total Shares	%Equity
1	Foreign Promoters Bodies Corporate	1	1,99,83,742	57.44
2	Resident Individuals	15779	86,21,868	24.78
3	Bodies Corporate	397	43,95,805	12.64
4	Indian Financial Institutions	2	3,26,746	0.94
5	H U F	614	6,62,599	1.90
6	Non Resident Indians	274	5,32,961	1.53
7	Clearing Members	54	73,498	0.21
8	Banks	1	81,755	0.24
9	NBFC	1	2,100	0.01
10	Employees	13	1,03,083	0.30
11	Foreign Institutional Investor	1	5,169	0.01
	<b>Total:</b>	<b>17137</b>	<b>3,47,89,326</b>	<b>100.00</b>



## CORPORATE GOVERNANCE REPORT

### Top ten shareholders of the company as on March 31, 2016

Sl. No.	DP Id	Folio/ Client ID	Name of concern/ person	Shares	% Equity
1	IN301348	20015218	Blackstone FP Capital Partners (Mauritius) V- B Subsidiary Ltd.	1,99,83,742	57.44
2	IN302927	10137278	Shinano Retail Private Limited	1,413,513	4.06
3	IN302927	10121536	Ojasvi Trading Private Limited	8,67,000	2.49
4	IN301022	10109561	Zaki Abbas Nasser	3,70,000	1.06
5	IN300476	10545253	Chetan Jayantilal Shah	3,41,000	0.98
6	IN300476	10040825	Bhadra Jayantilal Shah	3,25,000	0.93
7	IN300476	10040809	Jayantilal Premji Shah	3,04,000	0.87
8	IN300812	10000012	Life Insurance Corporation of India	2,99,484	0.86
9	39900	12039900 00001533	Sudhir Shivji Bheda	1,07,346	0.31
10	33200	12033200 07719863	Angel Fincap Private Limited	93,795	0.27

### Distribution of Shareholding on March 31, 2016:

S/no	Category (Shares)	No. of Holders	% To Holders	Amount	% of Amount
1	1 - 5000	15,714	91.70	1,32,50,380	7.62
2	5001 - 10000	620	3.62	49,04,500	2.82
3	10001 - 20000	347	2.02	49,97,570	2.87
4	20001 - 30000	165	0.96	42,49,580	2.44
5	30001 - 40000	67	0.39	23,86,745	1.37
6	40001 - 50000	57	0.33	26,94,415	1.55
7	50001 - 100000	85	0.50	61,65,375	3.54
8	100001 and above	82	0.48	13,52,98,065	77.78
	<b>TOTAL:</b>	<b>17,137</b>	<b>100.00</b>	<b>17,39,46,630</b>	<b>100.00</b>

### Dematerialization of shares and Liquidity as on March 31, 2016:

Sl. No.	Category	No. of Holders	Total Shares	% To Equity
1	PHYSICAL	42	3,952	0.01
2	NSDL	11641	3,03,55,235	87.25
3	CDSL	5454	44,30,139	12.73
	<b>Total:</b>	<b>17137</b>	<b>3,47,89,326</b>	<b>100.00</b>

### No of Shares in Demat form as on March 31, 2016

No of Shares	% of Shares	No of Shareholders	% of Shareholders
3,47,85,374	100.00	17095	99.98%

### Plant Location

Sl. No.	Address	Sl. No.	Address
1.	Carnival Clothing Co, No.2/A-1, Chikkaveeranna Road Cross, Bannimantap Etn, Mysore – 15, Karnataka	4.	Gokaldas Exports Ltd, R &D -I No.68, Mission Road, Bengaluru - 560 027, Karnataka
2.	Euro Clothing Co - I, No.122/1, Doddabidarakallu Village, Yeshwanthpur – 560 022 Bengaluru, Karnataka	5.	Gokaldas Exports Ltd Sez Division, Plot No.6/1, Phase - 2, Mepz - Sez, Tambaram, NH - 45, Chennai - 600 045, Tamil Nadu
3.	Euro Clothing Company II T.B.Road Srirangapatna, Mandya, Karnataka	6.	Global Garments -Unit-I No.17/1-38/4 Industrial Suburb, Bengaluru, Karnataka

## CORPORATE GOVERNANCE REPORT

Sl. No. Address	Sl. No. Address
7. Global Garments – Unit II At Ring Road, near Gubbi Gate Ring Road Circle Tumkur - 572 101	16. Sri Krishna Industries, No.25/26, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bengaluru - 560 022, Karnataka
8. Global Garments-III, No.44, 3rd Cross, Industrial Suburb, Yeshwanthpur, Bengaluru - 560 022, Karnataka	17. Triangle Apparels – VI, # 25/26, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bengaluru - 560 022, Karnataka
9. Gokaldas India, No.21B & 21C, Survey No.34,35,36 & 37, Nallakadaranahalli, Peenya II Stage, Industrial Area, Peenya, Bengaluru - 560 058, Karnataka	18. Venkateshwara Clothing Company - II No.10, KHB, Colony Industrial Area, Yelahanka, Bengaluru - 560 064, Karnataka
10. Hinduja Proc & Fins Unit, No.2, 5th Cross, Mysore Road, Bengaluru - 560 023, Karnataka	19. Wearcraft Apparels – I No.17/1-38/4-1, Industria I Suburb, Yeshwanthpur, Bengaluru - 560 022, Karnataka
11. International Clothing Company – I #B2, B3 & B4, Indl Estate, Madanapalli - 517 325, Andhra Pradesh	20. The Wearwel-I Industrial Estate N.H-206, Tiptur, Karnataka
12. International Clothing Company-II Survey No.113, Hongasandra Village, Begur Hobli, (Near Bhandary Factory) 7th Mile, Hosur Road, Bengaluru - 560 068, Karnataka	21. Gokaldas Exports Ltd – Unit I (Hassan) Plot No.119, KIADB Growth Centre, SH – 57, Hassan – 573201, Karnataka
13. Indigo Blues, Plot No-2, KIADB Industrial Area, Doddaballapur - 581 203, Karnataka	22. Luckytex Unit I No. 17/A-34/A-1, Industrial Suburb, Bengaluru - 560 022, Karnataka
14. J.D.Clothing Company, No.9, Rajajinagar Industrial Estate, Bengaluru - 560 010, Karnataka	23. Atlantic Apparels – III – Hyderabad Survey No. A-7/1, Nacharam, Rangareddy District, Hyderabad - 500 076, Andhra Pradesh
15. Luckytex-III, No.17/A-34/A-1, Industrial Suburb, Yeshwanthpur, Bengaluru - 560 022, Karnataka	24. Carnival Clothing Company-II Benganur Village Bangarpet - KGF Road, Bangarpet, Karnataka

### Address for Correspondence

Registered office w e f 11th December, 2015  
# 16/2, Residency Road Bengaluru – 560025  
Phones: 080-41272200  
Email: gokex@vsnl.com  
investorcare@gokaldasexports.com

### Registrar and Transfer Agent:

Ms. K. Shobha Anand, Senior 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 1653

# CORPORATE GOVERNANCE REPORT

---

## MANAGING DIRECTOR & CHIEF FINANCIAL OFFICER CERTIFICATION

To  
The Board of Directors  
Gokaldas Exports Ltd

- A. We have reviewed financial statements and cash flow statement for the year ended 31st March, 2016 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
  - (ii) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
- (i) Designed such disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
  - (ii) To provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes.
  - (iii) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
  - (iv) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
- D. We have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions):
- (i) There were no deficiencies in the design or operation of internal controls, that could adversely affect the company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
  - (ii) There were no significant changes in internal controls during the year covered by this report.
  - (iii) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - (iv) There were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
- E. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of conduct for the current year.

For Gokaldas Exports Limited

Place: Bengaluru  
Date: August 9, 2016

P. Ramababu  
Vice Chairman & Managing Director

Sathyamurthy A  
Chief Financial Officer



# CORPORATE GOVERNANCE REPORT

---

## **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 M/s. Gokaldas Exports Ltd for the purpose of certifying compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement(s) entered into with Indian Stock Exchanges (Upto November, 2015) and as stipulated in Chapter IV read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended on March 31, 2016.

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 condition 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 Clause 49 of the Listing Agreement and/or Chapter IV read with schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

Place : Bengaluru  
Date : August 9, 2016

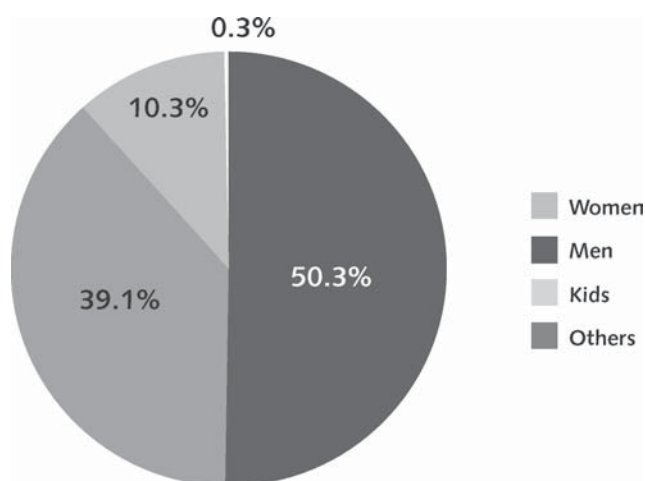
# MANAGEMENT DISCUSSION AND ANALYSIS

## Introduction

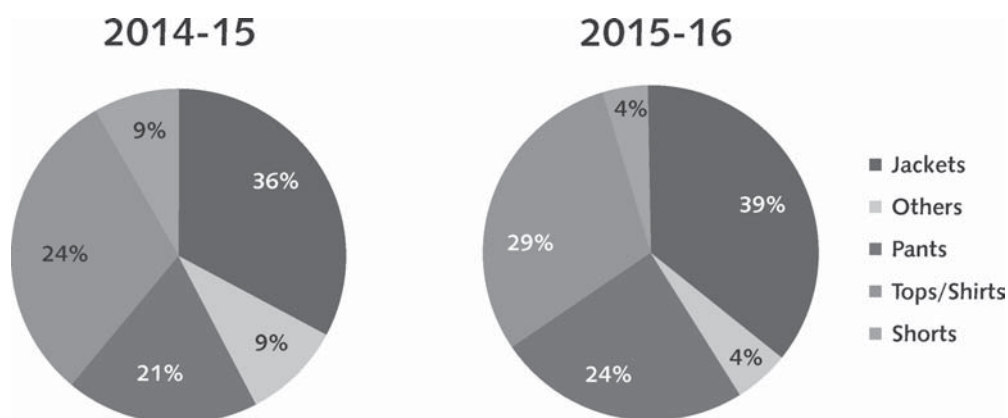
Gokaldas Exports Limited (GEL) is one of the leading apparel exporters of India and has been serving large global retailers since its inception in the year 1978. GEL, an ISO 9001:2001 certified company, operates from 20 units spread across the states of Karnataka, Tamil Nadu and Andhra Pradesh and has installed capacity to produce more than 2.5 million garments per month. GEL provides employment to about 22,500 people.

GEL blends its manufacturing expertise with state of the art design capabilities to provide multiproduct offerings. GEL's reliability and consistent quality from design to delivery at the right cost helps to meet customer demands.

GEL has a diversified product portfolio across various categories of garments for men, women as well as children. Contribution of women's garments to revenue has grown from 38% in 2014-15 to 50% in 2015-16 making it the largest category. GEL's expertise lies in manufacturing tops and outerwear which very few manufacturers in India can match. The chart below depicts various categories catered to by GEX:



The following graph shows the product mix for the last two years. GEL is focusing on high margin products viz. tops and jackets. The share of business from jackets has increased from 35% in 2013-14 to 39% in 2015-16 and tops has increased from 20% to 29%. 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

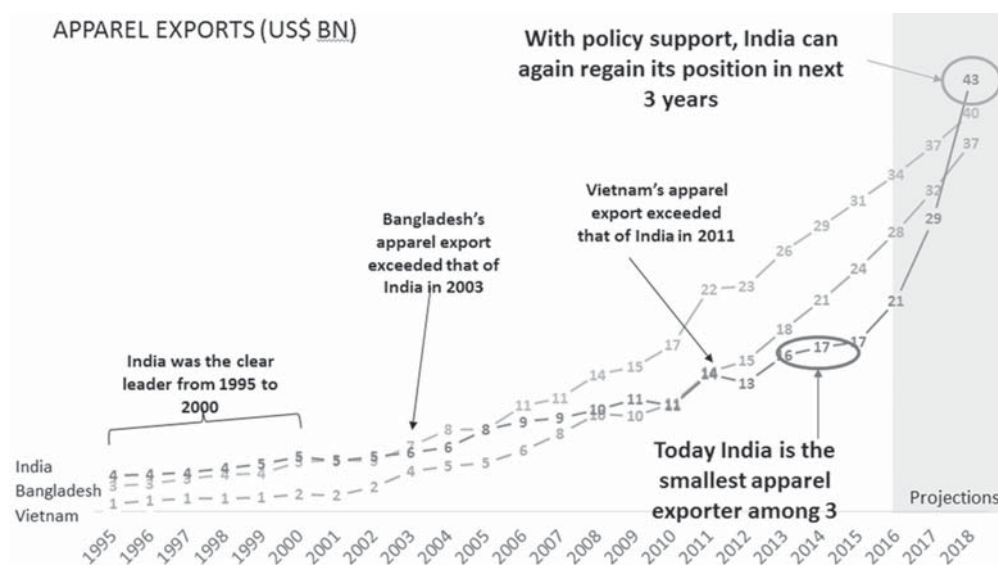
The global apparel retail market is valued at USD 1.1 trillion with EU (32%), US (20%), China (14%), Japan (10%) contributing to 75% of the market. India contributed about 4% of the global apparel exports in 2015.

The Government of India implemented three major initiatives during this financial year to promote the apparel exports industry.

- 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

## MANAGEMENT DISCUSSION AND ANALYSIS

Apart from this, the new textile policy announced recently by the Govt. of India will promote employment generation, economies of scale and boost exports. It is slated to generate over 1 crore jobs in the textile and apparel industry, attract investments of about INR 74,000 crore and increase exports by \$30 billion over the next three years. With support from the textile policy, India's apparel export is expected to increase from about \$17 billion to \$40 billion over the next three years.



Source: UN Comtrade, Ministry of Textiles

The volatility in the market and currencies following Britain's decision to exit the EU could hurt the Indian apparel market. However, it is unlikely to have a major impact on GEL due to the low GBP exposure. Demand scenario is looking up in the US with the economy showing signs of improvement. Intra-Asia trade is likely to expand further with a growth in demand and new Trade agreements viz. ASEAN and SAFTA. Domestic growth will be driven by the shift towards organised retail and growth in online retail.

On the supply side, China continues its dominance with over one-third market share. There is a strong indication of fall in demand for apparel manufactured in China due to rising costs in the country. This demand is being captured by Vietnam, Indonesia, Bangladesh and India.

The U.S apparel market is the largest in the world, comprising of about a fourth of the global market and has a market value in excess of 225 billion U.S dollar.

As shown in the below table, exports from India to USA has grown by 7.8% in CY15 over CY14. The total value of apparel exports to the US has increased by 4% during the same period.

USA Apparel Imports from Key countries

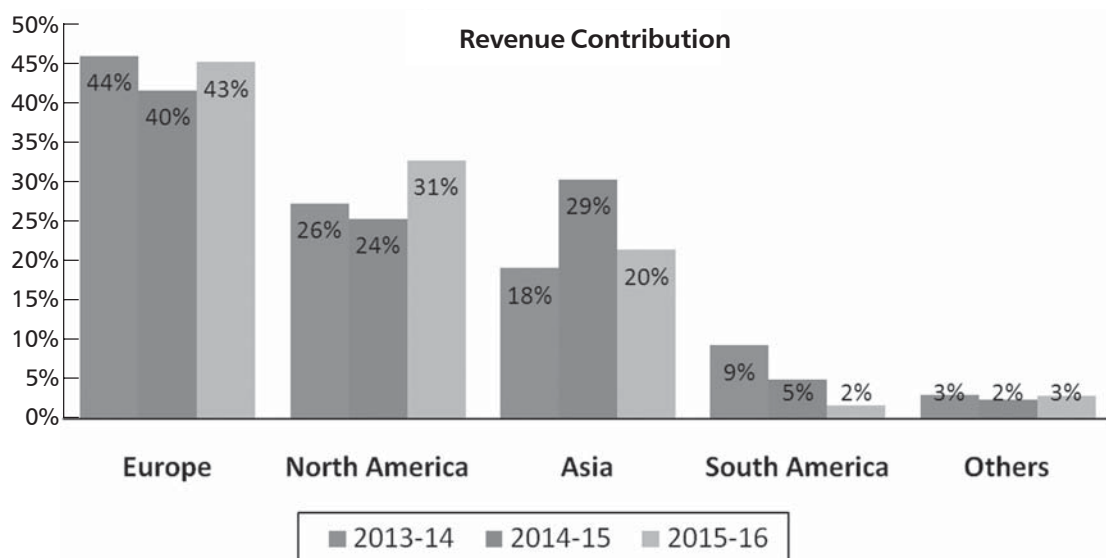
Country	CY 2014	CY 2015	YoY Growth CY 2015	Market Share CY 2014	Market Share CY 2015
China	29,794	30,541	2.5%	36.4%	35.9%
Vietnam	9,269	10,564	14.0%	11.3%	12.4%
Bangladesh	4,834	5,401	11.7%	5.9%	6.3%
Indonesia	4,833	4,938	2.2%	5.9%	5.8%
India	3,401	3,665	7.8%	4.2%	4.3%
Total	81,781	85,165	4.1%	100.0%	100.0%

\*Source- Ministry of Commerce, US. Government

## MANAGEMENT DISCUSSION AND ANALYSIS

GEL's geo-wise revenue share is in line with the company strategy. The share of revenue from Europe and North America has increased over last year and share from Asia has declined significantly.

GEL's revenue share from various geographical locations in 2013-14, 2014-15 and 2015-16 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 35 million people directly, making it the second largest source of employment after agriculture in the country.

India's apparel exports grew 4% YoY in 2015-16. With a market share of 4% of global apparel trade, India has an enormous opportunity to grow. Some strategic advantages are listed below -

- Large fiber 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 and competitive wage rate
- 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

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

Bangladesh exports continue to enjoy duty benefits & Most Favoured Nation status for imports in certain European countries. Vietnam's market share has increased from 4% in 2014 to 5% in 2015.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 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
- Focus on increasing the share of tops & jackets as part of product category focus
- Diversify geographic footprint

## Key focus areas for improving profitability:

- Reduce operating costs by consolidating factories
- Maximize capacity utilization and sewing efficiency
- Set up production capacity in tier II and tier III towns to attract low cost labour with low attrition rates
- Focus on financial management

## 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 with 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	
	2015-16	2014-15
Gross Revenue	117,513	113,749
Profit Before Tax ( PBT)	5,332	3,552
PBT to Gross Revenue (%)	4.5%	3.1%
Profit After Tax	6,134	3,469
PAT to Gross Revenue (%)	5.2%	3.0%
Earnings Per Share ( EPS) Rs.	18.0	10.0

---

## **Human Resources**

We believe that people are our greatest asset and we compete for business through the people we employ. Various learning and development initiatives have been undertaken during the year to strengthen the human capital of the company. Periodic skill up-gradation has been a continuous process.

The HR processes and employee engagement activities supplement the facilitation of better performance and skill evaluation, higher employee satisfaction and skill and career development of our employees.

As in the past, the industrial relations continue to remain cordial at all factories / units of the Company. The Company has around 22,500 employees as on March 31, 2016.

### **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

---

## 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, 2016, 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. 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 judgements 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 judgement, 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, 2016, its profit, 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

---

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;
  - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, 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 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.

**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 30, 2016

**for S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

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

Place: Bengaluru  
Date: May 30, 2016

## 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 fixed assets 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 with respect to section 185 of the Act.
- v. The Company has not accepted any deposits from the public.
- 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, customs duty, excise duty, value added tax, cess and other material 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, customs duty, excise duty, value added tax, cess and other material 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, customs duty, excise duty, 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
Central Excise Act, 1944	Excise duty	24.88	-	FY 2010-11 to 2011-12	Additional Commissioner of Central Excise
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.



## ANNEXURE TO AUDITORS' REPORT

---

- 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.
- 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: 000934S

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

Place: Bengaluru  
Date: May 30, 2016

**for S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

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

Place: Bengaluru  
Date: May 30, 2016

# ANNEXURE TO AUDITORS' REPORT

---

## **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, 2016 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 Act, to the extent applicable to an audit of internal financial controls, both 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

---

### **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, 2016, 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 30, 2016

**for S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

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

Place: Bengaluru  
Date: May 30, 2016

# BALANCE SHEET AS AT MARCH 31, 2016

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2016	March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3	1,739.47	1,729.72
Reserves and surplus	4	19,543.63	13,915.90
		<b>21,283.10</b>	<b>15,645.62</b>
<b>Non- current liabilities</b>			
Long-term borrowings	5	-	2,674.00
Long-term provisions	6	271.99	278.91
		<b>271.99</b>	<b>2,952.91</b>
<b>Current liabilities</b>			
Short term borrowings	7	31,304.91	26,204.09
Trade payables	8		
total outstanding dues of micro enterprises and small enterprises		41.02	27.59
total outstanding dues of creditors other than micro enterprises and small enterprises		10,370.55	10,071.80
Other current liabilities	8	8,005.42	8,558.29
Short term provisions	6	1,186.09	994.55
		<b>50,907.99</b>	<b>45,856.32</b>
		<b>72,463.08</b>	<b>64,454.85</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	9	9,070.83	12,441.96
Intangible assets	9	85.47	70.52
Capital work-in-progress		247.64	218.90
		9,403.94	12,731.38
Non-current investments	10	2,890.62	3,218.43
Deferred tax asset (net)	11	959.42	-
Long-term loans and advances	12	3,351.85	2,139.24
Other non-current assets	13	735.78	657.56
		<b>17,341.61</b>	<b>18,746.61</b>
<b>Current assets</b>			
Inventories	14	19,384.11	20,864.65
Trade receivables	15	7,984.64	7,732.94
Cash and bank balances	16	20,917.54	7,040.98
Short-term loans and advances	12	1,578.51	1,420.96
Other current assets	13	5,256.67	8,648.71
		<b>55,121.47</b>	<b>45,708.24</b>
		<b>72,463.08</b>	<b>64,454.85</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 30, 2016

**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 30, 2016

**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 30, 2016

# STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2016

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2016	March 31, 2015
<b>INCOME</b>			
Revenue from operations (gross)	17	112,296.09	107,011.77
Less: excise duty		25.67	-
Revenue from operations (net)		112,270.42	107,011.77
Other income	18	2,826.10	4,617.86
		<b>115,096.52</b>	<b>111,629.63</b>
<b>Expenses</b>			
Cost of materials consumed	19	59,832.28	56,388.00
(Increase) / decrease in inventories of finished goods and work-in-progress	20	(291.56)	(1,766.81)
Employee benefits expense	21	12,183.35	12,673.32
Other expenses	22	36,813.88	37,579.67
Depreciation and amortisation expense	23	2,046.34	2,991.91
Finance costs	24	3,946.32	4,683.27
		<b>114,530.61</b>	<b>112,549.36</b>
Profit / (Loss) before exceptional items and tax		565.91	(919.73)
Exceptional items	25	4,541.81	4,355.31
Profit before tax		5,107.72	3,435.58
<b>Tax expense:</b>			
Deferred Tax credit		(959.42)	-
Net Profit for the year		<b>6,067.14</b>	<b>3,435.58</b>
Earnings per equity share			
[nominal value per share : Rs. 5 (2015 - Rs. 5)]			
Basic		17.48	9.96
Diluted		17.18	9.87
Weighted average number of shares used in computing basic earning per equity share		34,701,118	34,503,738
Weighted average number of shares used in computing diluted earning per equity share		35,314,246	34,803,527
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 30, 2016

**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 30, 2016

**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 30, 2016



## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	March 31, 2016	March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	5,107.72	3,435.58
Adjustments		
Depreciation and amortisation expense	2,046.34	2,991.91
Provision for doubtful deposits and advances	18.40	-
Irrecoverable balances written off	208.23	208.41
Bad debts written off	273.26	338.08
Provision for doubtful debts	489.61	587.96
Interest expense	3,235.87	3,934.02
Capital work in progress written off	136.23	-
Unrealised foreign exchange gains (net)	(90.02)	(12.11)
(Profit)/Loss on sale of assets (net)	(9.97)	(44.67)
Excess provision of earlier years written back	(114.54)	(1,179.53)
Interest earned	(1,196.79)	(220.79)
Exceptional items	(4,541.81)	(4,355.31)
<b>Operating profit before working capital changes</b>	<b>5,562.53</b>	<b>5,683.55</b>
(Increase)/decrease in inventories	1,480.54	(672.92)
(Increase)/decrease in trade receivables	(1,291.37)	1,471.57
(Increase)/decrease in other current assets	3,706.89	(251.11)
(Increase)/decrease in long-term loans and advances	(959.20)	(187.27)
(Increase)/decrease in short-term loans and advances	(365.78)	509.45
Increase/(decrease) in trade payables	350.11	(864.83)
Increase/(decrease) in other current liabilities	(41.89)	1,191.97
Increase/(decrease) in long term provisions	(6.92)	(409.28)
Increase/(decrease) in short term provisions	191.54	650.61
<b>Cash Generated from /(used in) Operations</b>	<b>8,626.45</b>	<b>7,121.74</b>
Direct taxes paid (net of refunds)	(182.99)	(190.73)
<b>Net cash flow from operating activities</b>	<b>8,443.46</b>	<b>6,931.01</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets, including CWIP and capital advances	(702.61)	(552.71)
Proceeds from sale of fixed assets	4,343.25	967.81
Deposits redeemed (maturity more than 3 months)	15,532.21	1,792.25
Deposits made (maturity more than 3 months)	(28,935.13)	(4,019.89)
Proceeds from sale of current investment	1,045.00	-
Interest received	387.48	112.06
<b>Net Cash Flow from / (used in) investing activities</b>	<b>(8,329.80)</b>	<b>(1,700.48)</b>

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

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

PARTICULARS	March 31, 2016	March 31, 2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of equity share capital	64.80	70.42
Repayment of long-term borrowings	(1,840.04)	(1,718.00)
Proceeds from short-term borrowings	98,776.96	88,569.20
Repayment of short-term borrowings	(93,282.32)	(86,854.98)
Unclaimed dividend transferred to Investor education and protection fund	(0.15)	(0.45)
Interest paid	(3,281.05)	(3,744.75)
<b>Net cash flow used in financing activities</b>	<b>438.20</b>	<b>(3,678.56)</b>
<b>D. Net increase in cash and cash equivalents (A+B+C)</b>	<b>551.86</b>	<b>1,551.97</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>4,911.68</b>	<b>3,359.71</b>
<b>F. Cash and cash equivalents at the end of the year</b>	<b>5,463.54</b>	<b>4,911.68</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	109.45	18.26
Balance with banks :		
-- in deposit account	-	10.12
-- in current accounts	5,354.09	4,883.15
-- in unpaid dividend accounts (restricted use)	-	0.15
<b>Total cash and cash equivalents</b>	<b>5,463.54</b>	<b>4,911.68</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 30, 2016

**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 30, 2016

**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 30, 2016

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

#### b) Revenue recognition

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

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

Export incentives are recognized on accrual basis in accordance with the applicable schemes formulated, by the Government of India 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 2016

(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 is 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) Fixed assets and depreciation / amortization (tangible and intangible)**

Fixed assets are stated at cost of acquisition / construction less accumulated depreciation and impairment losses if any, net of grants received, where applicable and subsequent improvements thereto including taxes, duties, freight, and other incidental expenses related to acquisition / construction. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

	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 tangible and intangible assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

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-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.



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

## **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 a 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 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 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,

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

---

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

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 YEAR ENDED 31 MARCH 2016

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

	March 31, 2016	March 31, 2015
<b>3 SHARE CAPITAL</b>		
Authorised shares	2,000.00	2,000.00
40,000,000 (2015: 40,000,000) equity shares of Rs. 5 each		
Issued, subscribed and fully paid-up		
34,789,326 (2015 : 34,594,332) equity shares of Rs. 5 each	1,739.47	1,729.72
	<u>1,739.47</u>	<u>1,729.72</u>

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

Equity shares	31 March 2016		31 March 2015	
	No.	Amount	No.	Amount
At the beginning of the year	34,594,332	1,729.72	34,376,000	1,718.80
Add : issued during the year - ESOP	194,994	9.75	218,332	10.92
Outstanding at the end of the year	34,789,326	1,739.47	34,594,332	1,729.72

(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 2016		31 March 2015	
	No.	Amount	No.	Amount
Holding company :				
Blackstone FP Capital Partners (Mauritius)	19,983,742	999.19	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 2016		31 March 2015	
	No.	Shareholding %	No.	Shareholding %
Blackstone FP Capital Partners (Mauritius)	19,983,742	57.44%	19,983,742	57.77%
V-B Subsidiary Limited, Holding company				
ICICI Bank Limited	27,262	0.08%	3,485,500	10.08%

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 YEAR ENDED 31 MARCH 2016

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

	March 31, 2016	March 31, 2015
<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	13,780.81	13,721.31
Addition on ESOP's exercised	55.05	59.50
Balance as at year end	13,835.86	13,780.81
<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	969.06	847.38
Changes during the year :		
Transferred to statement of profit and loss on occurrence of forecasted hedge transaction	(969.06)	(847.38)
Net changes in the fair value of effective portion of outstanding cash flow derivatives	474.60	969.06
	474.60	969.06
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statements	(12,777.25)	(16,099.37)
Depreciation adjustment	-	(113.46)
Profit for the year	6,067.14	3,435.58
Net deficit in the statement of profit and loss	(6,710.11)	(12,777.25)
	<b>19,543.63</b>	<b>13,915.90</b>

## 5 LONG-TERM BORROWINGS

	Non-current		Current Maturities	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Term loans (secured) :				
Indian Rupee loan from bank				
(Working capital loan)	-	2,674.00	3,041.96	2,208.00
	-	<b>2,674.00</b>	<b>3,041.96</b>	<b>2,208.00</b>

(a) Working capital loan from bank carries interest at 14.45% (2015: 14.95%) p.a. The loan is repayable in 35 monthly instalments of Rs 184 lakhs each and a final instalment of Rs 160 lakhs, after moratorium of 12 months from the date of loan. The loan is secured by certain land and buildings and fixed deposit of Rs 402 lakhs.

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

## 6 PROVISIONS

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>Provision for employee benefits</b>				
Provision for gratuity [Refer Note 28]	271.99	278.91	706.38	792.68
Provision for leave benefits	-	-	479.71	201.87
	<b>271.99</b>	<b>278.91</b>	<b>1,186.09</b>	<b>994.55</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

	March 31, 2016	March 31, 2015
<b>7 SHORT-TERM BORROWINGS</b>		
Loans repayable on demand from banks		
Indian rupee packing credit loan (secured)	28,290.69	20,359.64
Foreign currency packing credit loan (secured)	-	3,242.26
Bank overdraft (unsecured)	3,014.22	2,602.19
	<b>31,304.91</b>	<b>26,204.09</b>
Note :		
(a) Packing Credit is secured against hypothecation of inventory, trade receivables and three immovable properties. The interest is 10.15% (2015: 10.7%) p.a for Indian Rupee loan and LIBOR+350 (2015: LIBOR+350) basis points for foreign currency packing credit loan.		
<b>8 TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>		
Trade payables		
total outstanding dues of micro enterprises and small enterprises [refer note 35]	41.02	27.59
total outstanding dues of creditors other than micro enterprises and small enterprises	10,370.55	10,071.80
	<b>10,411.57</b>	<b>10,099.39</b>
Other current liabilities		
Current maturities of long-term borrowings [Refer Note 5]	3,041.96	2,208.00
Advances from customers / others	254.04	1,765.26
Due to subsidiaries	4,281.39	4,038.07
Bank overdraft	1.82	73.14
Interest accrued and not due on borrowings	169.79	214.97
Unclaimed dividends	-	0.15
Statutory liabilities	256.42	258.70
	<b>8,005.42</b>	<b>8,558.29</b>
	<b>18,416.99</b>	<b>18,657.68</b>



# 9 FIXED ASSETS

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

	Tangible assets										Intangible assets		
	Land	Buildings	Leasehold improvements	Plant & machinery	Electrical equipment	Office equipments	Furniture & fixtures	Computers	Vehicles	Total tangible assets	Know-how	Computer software	Total intangible assets
<b>Cost or valuation</b>													
At 1 April 2014	1,322.94	7,025.71	1,151.83	28,744.81	826.38	446.73	1,698.26	956.48	464.35	42,637.49	694.64	648.67	1,343.31
Additions	-	2.54	-	281.14	3.50	17.92	1.03	25.42	-	331.55	-	22.13	22.13
Disposals	186.91	1,050.29	0.63	578.90	0.71	1.84	0.10	473.98	-	2,293.36	-	44.65	44.65
At 31 March 2015	1,136.03	5,977.96	1,151.20	28,447.05	829.17	462.81	1,699.19	507.92	464.35	40,675.68	694.64	626.15	1,320.79
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	-	-	-
At 31 March 2016	954.01	4,284.77	1,165.17	25,760.17	826.39	468.86	1,623.84	461.03	448.03	35,992.27	694.64	672.13	1,366.77
<b>Depreciation</b>													
At 1 April 2014	-	3,508.11	991.73	19,081.95	527.16	285.52	1,249.89	848.83	390.04	26,883.23	694.64	557.19	1,251.83
Charge for the year	-	324.77	126.18	2,077.64	127.80	35.95	157.67	75.06	23.75	2,948.82	-	43.09	43.09
Disposals	-	742.10	0.63	493.07	0.71	1.22	0.08	473.98	-	1,711.79	-	44.65	44.65
Depreciation adjustment	-	-	-	4.53	6.82	87.47	5.66	6.74	2.24	113.46	-	-	-
At 31 March 2015	-	3,090.78	1,117.28	20,671.05	661.07	407.72	1,413.14	456.65	416.03	28,233.72	694.64	555.63	1,250.27
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	-	-	-
At 31 March 2016	-	2,276.53	1,133.14	20,122.37	713.90	423.24	1,438.32	401.01	412.93	26,921.44	694.64	586.66	1,281.30
<b>Net Block</b>													
At 31 March 2015	1,136.03	2,887.18	33.92	7,776.00	168.10	55.09	286.05	51.27	48.32	12,441.96	-	70.52	70.52
At 31 March 2016	954.01	2,008.24	32.03	5,637.80	112.49	45.62	185.52	60.02	35.10	9,070.83	-	85.47	85.47

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

	March 31, 2016	March 31, 2015
<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	333.98	333.98
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Deejay Trading Private Limited	81.96	81.96
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Glamourwear Apparels Private Limited	101.46	101.46
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Madhin Trading Private Limited	65.86	65.86
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Magenta Trading Private Limited	69.08	69.08
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Rafter Trading Private Limited	36.72	36.72
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Rajdin Apparels Private Limited	170.90	170.90
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Reflexion Trading Private Limited	1.00	1.00
10,000 (2015 : 10,000) equity shares of Rs. 10 each, fully paid-up		
Rishikesh Apparels Private Limited	67.83	67.83
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Robot Systems Private Limited	-	327.81
Nil (2015 : 12,000) equity shares of Rs. 100 each, fully paid-up		
Seven Hills Clothing Private Limited	307.90	307.90
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Vignesh Apparels Private Limited	80.89	80.89
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
SNS Clothing Private Limited	1,776.00	1,776.00
20,000 (2015 : 20,000) equity shares of Rs. 10 each, fully paid-up		
Less : Provision for diminution in value of Investment	(203.39)	(203.39)
	<u>1,572.61</u>	<u>1,572.61</u>
(A)	<u>2,890.19</u>	<u>3,218.00</u>
<b>Non trade investments [valued at cost unless stated otherwise]</b>		
Investment in government securities (unquoted) - National Savings Certificate	0.43	0.43
(B)	<u>0.43</u>	<u>0.43</u>
(A) + (B)	<u><u>2,890.62</u></u>	<u><u>3,218.43</u></u>
Note :		
(a) Aggregate amount of unquoted investments	2,890.62	3,218.43
(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	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	198.03	-
<b>Net deferred tax asset</b>	<u><u>959.42</u></u>	<u><u>-</u></u>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

## 12 LOANS AND ADVANCES

### (A) Unsecured, Considered Good

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Capital advances	103.52	14.70	-	-
Security and other deposits	2,670.93	1,707.92	-	-
Advance to wholly owned subsidiaries	-	-	61.59	3.20
Advances to suppliers	-	-	1,000.11	921.71
Other loans and advances				
Prepaid expenses	5.99	6.89	288.89	302.06
Loans and advances to employees	26.92	48.23	12.03	33.26
Other receivables	-	-	-	18.40
Advance tax	544.49	361.50	-	-
Balance with statutory / government authorities	-	-	215.89	142.33
	<b>3,351.85</b>	<b>2,139.24</b>	<b>1,578.51</b>	<b>1,420.96</b>

### (B) Advances / deposits considered doubtful

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Security and other deposits	31.16	31.16	-	-
Other receivables	239.95	221.55	-	-
	271.11	252.71	-	-
Less: Provision for doubtful advances / deposits	(271.11)	(252.71)	-	-
	-	-	-	-
<b>Total (A+B)</b>	<b>3,351.85</b>	<b>2,139.24</b>	<b>1,578.51</b>	<b>1,420.96</b>

	Current	
	31 March 2016	31 March 2015
Advance to wholly owned subsidiaries for supplies / services.		
Reflexion Trading Private Limited	34.25	-
Deejay Trading Private Limited	27.24	-
Robot Systems Private Limited	-	3.20
	<b>61.59</b>	<b>3.20</b>

## 13 OTHER ASSETS

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>Unsecured, Considered Good</b>				
Non-current bank balances [ Refer Note 16 ]	735.78	657.56	-	-
Interest accrued on bank deposits	-	-	930.88	121.57
Mark to market gain on derivative contracts	-	-	530.10	1,102.45
Export incentives receivable	-	-	3,602.92	3,010.94
Other receivables	-	-	192.77	4,413.75
	<b>735.78</b>	<b>657.56</b>	<b>5,256.67</b>	<b>8,648.71</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

	March 31, 2016	March 31, 2015
<b>14 INVENTORIES</b>		
(Valued at lower of cost and net realisable value)		
Raw materials (including packing materials)	5,631.11	7,393.79
[includes material in transit Rs. 355lakhs (2015 : 273.25 lakhs)]		
Work-in-progress	7,823.71	8,759.61
Finished goods	5,624.09	4,396.63
Consumables, stores and spares parts	305.20	314.62
	<b>19,384.11</b>	<b>20,864.65</b>

## 15 TRADE RECEIVABLES

	31 March 2016	31 March 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	312.33	476.64
Unsecured, considered doubtful	1,137.16	1,503.95
	<b>1,449.49</b>	<b>1,980.59</b>
Less: Provision for doubtful receivables	1,137.16	1,503.95
	312.33	476.64
Other receivables		
Unsecured, considered good	7,672.31	7,256.30
	<b>7,984.64</b>	<b>7,732.94</b>

## 16 CASH AND BANK BALANCES

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Cash and cash equivalents				
Cash on hand	-	-	109.45	18.26
Balance with banks :				
-- in current accounts	-	-	5,352.14	4,881.62
-- in EEFC accounts	-	-	1.95	1.53
-- in unpaid dividend accounts	-	-	-	0.15
Deposits with original maturity for less than 3 months	-	-	-	10.12
	-	-	5,463.54	4,911.68
Other bank balances				
Deposits with original maturity for more than 12 months*	735.78	657.56	-	66.54
Deposits with original maturity for more than 3 months and less than 12 months	-	-	15,454.00	2,062.76
	735.78	657.56	15,454.00	2,129.30
Amount disclosed under non-current assets (note 13)	(735.78)	(657.56)	-	-
	-	-	<b>20,917.54</b>	<b>7,040.98</b>

\* Includes Rs. 402 lakhs (2015 - Rs. 402 lakhs) held by the bank as security against the term loan.

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

	March 31, 2016	March 31, 2015
<b>17 REVENUE FROM OPERATIONS</b>		
Sale of Finished goods		
Exports	91,308.52	81,933.78
Domestic	13,370.46	18,449.55
	<u>104,678.98</u>	<u>100,383.33</u>
Other operating revenue		
Sale of accessories, fabrics, etc	928.18	845.72
Job work income	77.35	80.15
Export incentives	6,122.62	5,223.81
Scrap sales and others (including claims)	488.96	478.76
	<u>7,617.11</u>	<u>6,628.44</u>
Revenue from operations (gross)	<u><b>112,296.09</b></u>	<u><b>107,011.77</b></u>
<u>Details of finished goods sold</u>		
Manufactured (Readymade garments)	<u>104,678.98</u>	<u>100,383.33</u>
<b>18 OTHER INCOME</b>		
Interest income on		
Bank deposit	989.05	220.79
Others	207.74	-
Exchange differences (net)	787.98	3,147.47
Profit on sale of fixed assets (net)	9.97	44.67
Excess provision of earlier years, written back	114.54	1,179.53
Other non-operating income / claims	716.82	25.40
	<u><b>2,826.10</b></u>	<u><b>4,617.86</b></u>
<b>19 COST OF RAW MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	7,393.79	8,521.17
Add: purchases	<u>58,069.60</u>	<u>55,260.62</u>
	65,463.39	63,781.79
Less: inventory at the end of the year	<u>5,631.11</u>	<u>7,393.79</u>
Cost of raw materials consumed	<u><b>59,832.28</b></u>	<u><b>56,388.00</b></u>
Note :		
(a) <u>Details of inventory held</u>		
Fabrics	3,643.83	5,441.92
Accessories and others	<u>1,987.28</u>	<u>1,951.87</u>
	<u>5,631.11</u>	<u>7,393.79</u>
(b) <u>Details of raw materials consumed</u>		
Fabrics	46,132.92	41,884.20
Accessories	13,076.75	14,274.88
Others	<u>622.61</u>	<u>228.92</u>
	<u>59,832.28</u>	<u>56,388.00</u>
(c) <u>Imported and indigenous raw materials consumed</u>		
Imported	23,157.76	21,138.09
Indigenous	<u>36,674.52</u>	<u>35,249.91</u>
	<u>59,832.28</u>	<u>56,388.00</u>
<u>% of total consumption</u>		
Imported	39%	37%
Indigenous	<u>61%</u>	<u>63%</u>
	<u>100%</u>	<u>100%</u>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

	March 31, 2016	March 31, 2015
<b>20 (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
Inventories at the beginning of the year		
Work-in-progress	8,759.61	7,168.32
Finished goods (Readymade garments)	4,396.63	4,221.11
	<u>13,156.24</u>	<u>11,389.43</u>
Inventories at the end 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>
	<u><b>(291.56)</b></u>	<u><b>(1,766.81)</b></u>
<b>21 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	10,766.23	10,969.81
Contribution to provident fund and other fund	992.08	919.86
Gratuity expense	154.34	454.24
Staff welfare expenses	270.70	329.41
	<u><b>12,183.35</b></u>	<u><b>12,673.32</b></u>
<b>22 OTHER EXPENSES</b>		
Consumption of consumables, stores and spares	1,162.02	1,133.20
Power and fuel	1,387.54	1,429.71
Job work charges	25,131.98	27,055.92
Other manufacturing expenses	559.74	619.84
Rent	2,123.20	885.58
Rates and taxes	223.64	138.62
Insurance	348.51	318.36
Repairs and maintenance		
- Plant and machinery	524.15	592.32
- Buildings	44.51	51.52
- Others	512.06	467.51
Legal and professional charges	370.52	304.70
Printing and stationery	113.50	140.72
Communication costs	152.78	203.95
Travelling and conveyance	320.82	354.04
Auditors' remuneration	78.06	54.49
Director's remuneration	184.07	174.55
Clearing, forwarding and freight (net of recoveries)	983.14	1,087.89
Provision for doubtful deposits and advances	18.40	-
Capital work in progress written off	136.23	-
Irrecoverable balances written off	208.23	208.41
Provision for doubtful debts	489.61	587.96
Bad debts written off	273.26	338.08
Export claims	408.35	603.25
Miscellaneous expenses	1,059.56	829.05
	<u><b>36,813.88</b></u>	<u><b>37,579.67</b></u>



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

	March 31, 2016	March 31, 2015
Note :		
(a) Consumables, stores and spares consumed		
Imported	80.70	11.18
Indigenous	1,081.32	1,122.02
	<u>1,162.02</u>	<u>1,133.20</u>
<u>% of total consumption</u>		
Imported	7%	1%
Indigenous	93%	99%
	<u>100%</u>	<u>100%</u>
(b) Payment to auditor		
Audit fees	39.32	27.50
Limited review fees	30.52	19.50
In other capacity - Taxation matters	1.72	1.50
Out of pocket expenses (includes service tax)	6.50	5.99
	<u>78.06</u>	<u>54.49</u>
<b>23 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on tangible assets	2,015.31	2,948.82
Amortisation on intangible assets	31.03	43.09
	<u><b>2,046.34</b></u>	<u><b>2,991.91</b></u>
<b>24 FINANCE COSTS</b>		
Interest		
- on term loans	572.55	887.59
- on packing credit	1,795.09	2,304.09
- on bill discounting and others	868.23	742.34
Exchange difference to the extent considered as an adjustment to borrowing cost	131.30	31.77
Bank charges	579.15	717.48
	<u><b>3,946.32</b></u>	<u><b>4,683.27</b></u>
<b>25 EXCEPTIONAL ITEMS</b>		
Profit on sale of land, building and other fixed assets	2,574.62	4,355.31
Profit on sale of investment in subsidiary	717.19	-
Compensation for surrender of tenancy	1,250.00	-
	<u><b>4,541.81</b></u>	<u><b>4,355.31</b></u>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

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

	March 31, 2016	March 31, 2015
(a) Claims against the Company not acknowledged as debts	333.36	336.49
(b) Guarantees given by banks	645.00	-
(c) Outstanding letters of credit	2,519.84	4,574.76
(d) Bills of exchange discounted with banks	13,912.04	10,711.33
(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, 2016	March 31, 2015
(a) Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	123.57	259.43
(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 June 21, 2021	344.20	144.91
(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 summaries 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, 2016	March 31, 2015
Current service cost	109.03	108.32
Interest cost on benefit obligation	69.83	66.12
Expected Return on Plan Assets	(1.66)	(1.63)
Actuarial loss / (gain)	(22.86)	281.43
<b>Net benefit expense</b>	<b>154.34</b>	<b>454.24</b>
<b>Actual return on plan asset</b>	<b>1.73</b>	<b>1.30</b>

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

Defined benefit obligation	1,000.79	1,094.88
Fair value of plan asset	(22.42)	(23.29)
<b>Plan liability / (asset)</b>	<b>978.37</b>	<b>1,071.59</b>

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

Opening defined benefit obligation	1,094.88	810.79
Current Service Cost	109.03	108.32
Interest Cost	69.83	66.12
Benefits Paid	(250.16)	(171.45)
Actuarial (gain) / loss	(22.79)	281.10
<b>Closing defined benefit obligation</b>	<b>1,000.79</b>	<b>1,094.88</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

	March 31, 2016	March 31, 2015
<b>Changes in the fair value of plan asset are as follows</b>		
Opening fair value of plan asset	23.29	25.32
Expected return	1.66	1.63
Actuarial gain / (loss)	0.07	(0.33)
Contributions by employer	247.56	168.12
Benefits Paid	(250.16)	(171.45)
<b>Closing fair value of plan asset</b>	<b>22.42</b>	<b>23.29</b>
<b>The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:</b>		
Interest Rate	7.21%	7.95%
Discount Factor	7.21%	7.95%
Estimated Rate of return on Plan Assets	8.00%	8.00%
Attrition Rate	40.00%	40.00%
Rate of escalation in Salary per annum	10.00%	12.00%
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.706.38 lakhs to gratuity fund in 2016-17.

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

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined benefit obligation	1,000.79	1,094.88	810.79	588.73	604.18
Plan assets	(22.42)	(23.29)	(25.32)	(31.05)	(79.45)
(Surplus) / deficit	<b>978.37</b>	<b>1,071.59</b>	<b>785.47</b>	<b>557.68</b>	<b>524.73</b>
Experience adjustment on plan liabilities	(22.79)	281.10	104.27	19.90	36.32
Experience adjustment on plan assets	0.07	0.33	0.61	(0.30)	0.67

### 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	Revenues / Income	Carrying amount of segment assets
In India	20,537.52 (24,830.59)	66,885.39 (60,037.56)
Outside India	91,732.90 (82,181.18)	5,577.69 (4,417.29)
<b>Total</b>	<b>112,270.42 (107,011.77)</b>	<b>72,463.08 (64,454.85)</b>

All fixed assets are located in India.

Notes: Figures in brackets relate to previous year.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

### 30 Related party disclosures

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

	Description of Relationship	Names of related parties
<b>a.</b>	<b><i>Parties where control exists:</i></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><i>Key management personnel:</i></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	Ramya Kannan

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

- B. The following are the volume of transactions with related parties during the year and outstanding balances as at the year-end disclosed in aggregate by type of related party:

Nature of Transactions	Subsidiary Companies	Key Management Personnel	Total
<b>Sales / Other Income</b>			
Sale of fabrics, accessories / readymade garments	268.94 (633.59)	- -	268.94 (633.59)
<b>Expenses</b>			
Job work charges	24,105.94 (26,281.44)	- -	24,105.94 (26,281.44)
Material purchases	407.89 (674.41)	- -	407.89 (674.41)
Remuneration	- -	244.81 (251.88)	244.81 (251.88)
<b>Balances outstanding as at March 31, 2016</b>			
Trade payables and other current liabilities	4,281.39 (4,038.07)	25.34 (53.37)	4,306.74 (4,091.44)
Trade advances	61.59 (3.20)	- -	61.59 (3.20)

Note : (i) Figures in brackets relate to previous year.

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

Sale of fabrics, accessories / readymade garments	31 March 2016	31 March 2015
Subsidiary companies		
SNS Clothing Private Limited	268.94	503.65
Reflexion Trading private Limited	-	129.94
	<b>268.94</b>	<b>633.59</b>
<b>Job work Charges</b>		
Subsidiary Companies		
Seven Hills Clothing Private Limited	7,121.93	7,280.60
Rafter Trading Private Limited	2,152.58	3,066.96
Rishikesh Apparels Private Limited	2,842.95	3,029.98
Rajdin Apparels Private Limited	2,652.97	2,668.83
Magenta Trading Private Limited	2,842.17	2,684.75
Others	6,493.34	7,550.32
	<b>24,105.94</b>	<b>26,281.44</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

	31 March 2016	31 March 2015
<b>Material purchases</b>		
Subsidiary Companies		
Reflexion Trading Private Limited	407.89	674.41
<b>Remuneration to Key Management Personnel</b>		
Gautam Chakravarti	14.08	149.25
Padala Ramababu	112.69	-
Sumit Keshan	87.35	102.63
Sathyamurthy A	22.49	-
Ramya Kannan	8.20	-
	<b>244.81</b>	<b>251.88</b>
<b>Current Liabilities</b>		
Subsidiary Companies		
SNS Clothing Private Limited	1,258.23	1,247.92
Seven Hills Clothing Private Limited	1,207.66	1,041.19
All Colour Garments Private Limited	292.87	275.50
Others	1,522.64	1,473.46
	<b>4,281.40</b>	<b>4,038.07</b>
<b>Remuneration payable to Key Management Personnel</b>		
Gautam Chakravarti	-	42.91
Padala Ramababu	21.53	-
Sumit Keshan	-	10.46
Sathyamurthy A	3.24	-
Ramya Kannan	0.58	-
	<b>25.35</b>	<b>53.37</b>
<b>Loans and Advances</b>		
Subsidiary Companies		
Deejay Trading Private Limited	27.34	-
Reflexion Trading Private Limited	34.25	-
Robot Systems Private Limited	-	3.20
	<b>61.59</b>	<b>3.20</b>

### 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 sixty six months 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. 2,123.20 lakhs (2015: Rs. 885.58 lakhs).

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

	31 March 2016	31 March 2015
Not later than one year	1,483.36	195.44
Later than one year and not later than five years	3,760.82	-
Later than five years	-	-



# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

## 32 CIF value of imports

	31 March 2016	31 March 2015
Capital goods	131.05	178.59
Raw materials and accessories	24,497.96	20,715.47
Stores and spares	80.07	11.31
	<b>24,709.08</b>	<b>20,905.37</b>

## 33 Expenditure in foreign currency

	31 March 2016	31 March 2015
Travel expenses	42.97	48.94
Brokerage and commission	5.37	7.57
Export claims	408.35	603.25
Others	67.51	190.29
	<b>524.20</b>	<b>850.05</b>

## 34 Earnings in foreign currency

	31 March 2016	31 March 2015
FOB value of exports	91,308.52	81,933.78
Sale of accessories, fabrics, etc	193.09	170.41
Freight and insurance recoveries	1,568.60	482.72
Export Claims	231.29	76.98
	<b>93,301.50</b>	<b>82,663.89</b>

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

	31 March 2016	31 March 2015
(i) The principal amount due thereon remaining unpaid on March 31, 2016	40.18	22.20
Interest amount due and remaining unpaid on March 31, 2016	-	-
(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.	5.39	2.26
(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, 2016 in respect of principal amount settled during the year.	0.84	5.39
(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.	0.84	5.39

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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

### 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 2016		31 March 2015		Purpose
	foreign currency (in lakhs)	Rs. (in lakhs)	foreign currency (in lakhs)	Rs. (in lakhs)	
USD	331.29	22,788.84	540.06	33,834.84	Hedge of expected future sales
EURO	-	-	37.29	2,521.72	

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

	Receivables / (Payables)			
	31 March 2016		31 March 2015	
	Amount in foreign currency	Amount Rs. in lakhs	Amount in foreign currency	Amount Rs. in lakhs
Bank balances – USD	2,943	1.95	2,435	1.53
Trade receivables – USD*	6,795,231	4,507.62	4,982,429	3,120.49
Trade receivables – EUR*	859	0.64	1,373,254	928.65
Trade receivables – GBP*	979,301	931.81	108,645	100.58
Loans and advances – USD	587,518	389.73	410,050	256.94
Loans and advances – EUR	2,681	2.01	15,751	10.63
Loans and advances – GBP	900	0.86	-	-
Short-term borrowings – USD	-	-	(5,174,366)	(3,242.26)
Trade payables – USD	(2,763,955)	(1,833.75)	(2,685,649)	(1,682.83)
Trade payables – EUR	(18,092)	(13.58)	(21,404)	(14.48)
Trade payables – GBP	(7,164)	(6.82)	(8,086)	(7.49)
Advances received from customers – USD	-	-	(65,684)	(44.42)

\* net of export bills discounted

### 37 Exchange difference

	31 March 2016	31 March 2015
Exchange difference loss / (gain) on		
Pre-shipment packing credit	53.55	-
Post-shipment credit	(262.62)	105.68
Forward contracts and options	(689.32)	(3,262.49)
Foreign currency receivables	(38.44)	(83.60)
Foreign currency payables	148.85	92.94
	<b>(787.98)</b>	<b>(3,147.47)</b>

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

### 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".

Nil (2015: 85,000) options have been granted during the year and 408,339 (2015: 1,136,668) are outstanding as at March 31, 2016. The vesting period ranges from 1 to 7 years. Weighted average of remaining contractual life is 7.37 years (2015: 8.35 years). The weighted average exercise price of all the options is Rs. 42.34 (2015: Rs. 40.89). 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. Nil (2015: Rs.55.86). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2016	31 March 2015
Dividend yield %	*	-
Expected volatility %	*	45.50%
Risk free interest rate	*	7.95%
Weighted average share price	*	40.89
Exercise price	*	80.20
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 During the year ended March 31, 2016, 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.
- 40 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, 2016. 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

---

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

- 41** 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.

**42 Previous year comparatives**

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

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 30, 2016

**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 30, 2016

**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 30, 2016

# INDEPENDENT AUDITOR'S REPORT

---

## 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") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2016, 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. 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 and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements 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 judgement, 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 (b) of the Other Matters 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 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, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

### 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

## INDEPENDENT AUDITOR'S REPORT

---

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;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the 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 incorporated in India is disqualified as on 31st March, 2016 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.
  - 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.

### Other Matters

- (a) The accompanying consolidated financial statements include (after elimination) total assets of Rs 1,734.01 lakhs as at March 31, 2016, and total revenues (including other income) of Rs 815.76 lakhs and net cash outflows of Rs 2.63 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 (after elimination) total assets of Rs 2,383.87 lakhs as at March 31, 2016, and total revenues (including other income) of Rs 1,870.12 lakhs and net cash outflows of Rs 153.60 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 of 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 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 30, 2016

**for S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

**per Navin Agrawal**

Partner

Membership No: 056102

Place: Bengaluru

Date: May 30, 2016



# ANNEXURE TO AUDITORS' REPORT

---

## **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, 2016 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 Holding Company and 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

---

## **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, 2016, 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: 0009345

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

Place: Bengaluru  
Date: May 30, 2016

**for S.R. Batliboi & Associates LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 101049W/E300004

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

Place: Bengaluru  
Date: May 30, 2016

# CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2016	March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	3	1,739.47	1,729.72
Reserves and surplus	4	19,848.12	14,153.93
		<b>21,587.59</b>	<b>15,883.65</b>
<b>Non- current liabilities</b>			
Long-term borrowings	5	-	2,674.00
Long-term provisions	6	271.99	278.91
Deferred tax liability (net)	7	-	6.95
		<b>271.99</b>	<b>2,959.86</b>
<b>Current liabilities</b>			
Short term borrowings	8	31,304.91	26,204.09
Trade payables	9		
total outstanding dues of micro enterprises and small enterprises		41.02	27.59
total outstanding dues of creditors other than micro enterprises and small enterprises		10,635.85	10,231.82
Other current liabilities	9	7,050.07	8,327.47
Short term provisions	6	2,737.46	2,271.47
		<b>51,769.31</b>	<b>47,062.44</b>
		<b>73,628.89</b>	<b>65,905.95</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	9,520.39	13,093.15
Intangible assets	10	85.47	385.31
Capital work-in-progress		247.64	218.90
		<b>9,853.50</b>	<b>13,697.36</b>
Non-current investments	11	0.63	0.63
Deferred tax asset (net)	7	959.42	-
Long-term loans and advances	12	5,718.43	4,471.83
Other non-current assets	13	735.78	657.56
		<b>17,267.76</b>	<b>18,827.38</b>
<b>Current assets</b>			
Current Investments	14	0.09	0.09
Inventories	15	19,918.34	21,320.59
Trade receivables	16	8,496.06	8,215.07
Cash and bank balances	17	21,116.12	7,395.82
Short-term loans and advances	12	1,573.85	1,498.29
Other current assets	13	5,256.67	8,648.71
		<b>56,361.13</b>	<b>47,078.57</b>
		<b>73,628.89</b>	<b>65,905.95</b>
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  
Place: Bengaluru  
Date: May 30, 2016

**per Navin Agrawal**  
Partner  
Membership No: 056102  
Place: Bengaluru  
Date: May 30, 2016

**Padala Ramababu**  
Vice Chairman & Managing Director  
DIN No. 00149649  
**Sathyamurthy A**  
Chief Financial Officer  
**Ramya Kannan**  
Company Secretary  
Place: Bengaluru  
Date: May 30, 2016

# CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2016

All amounts in Indian Rupees in lakhs, except stated otherwise

	Notes	March 31, 2016	March 31, 2015
<b>INCOME</b>			
Revenue from operations (gross)	18	114,400.40	109,135.09
Less: excise duty		108.06	111.94
Revenue from operations (net)		114,292.34	109,023.15
Other income	19	3,221.12	4,725.79
		<b>117,513.46</b>	<b>113,748.94</b>
<b>Expenses</b>			
Cost of raw materials consumed	20	59,699.73	56,105.77
(Increase) / decrease in inventories of finished goods and work-in-progress	21	(353.60)	(2,002.51)
Employee benefits expense	22	34,578.79	37,045.44
Other expenses	23	16,637.72	15,394.69
Depreciation and amortisation expense	24	2,217.52	3,320.73
Finance costs	25	3,977.22	4,688.03
		<b>116,757.38</b>	<b>114,552.15</b>
Profit / Loss before exceptional items		756.08	(803.21)
Exceptional items	26	4,575.90	4,355.31
<b>Profit before tax (A)</b>		<b>5,331.98</b>	<b>3,552.10</b>
<b>Tax expense:</b>			
Current tax		164.75	91.12
Tax of earlier years (net)		-	(14.42)
MAT tax charge / (credit)		-	(0.27)
Deferred tax charge / (credit)		(966.37)	6.95
<b>Total tax expense (B)</b>		<b>(801.62)</b>	<b>83.38</b>
<b>Net Profit for the year (A-B)</b>		<b>6,133.60</b>	<b>3,468.72</b>
<b>Earnings per equity share</b>			
[nominal value per share : Rs. 5 (2015 - Rs. 5)]			
Basic		17.68	10.05
Diluted		17.37	9.97
Weighted average number of shares used in computing basic earning per equity share		34,701,118	34,503,738
Weighted average number of shares used in computing diluted earning per equity share		35,314,246	34,803,527
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 30, 2016

**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 30, 2016

**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 30, 2016

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

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

Particulars	March 31, 2016	March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	5,331.98	3,552.10
Adjustments		
Depreciation and amortization expense	2,217.52	3,320.73
Provision for doubtful deposits and advances	18.40	-
Irrecoverable balances written off	208.23	211.39
Bad debts written off	362.60	342.23
Provision for doubtful debts	489.61	587.96
Interest expense	3,259.59	3,934.10
Capital work in progress written off	136.23	-
Unrealised foreign exchange gains (net)	(90.02)	(12.11)
Profit on sale of assets (net)	(9.97)	(44.67)
Profit on sale of investments (net)	-	-
Excess provision of earlier years written back	(115.17)	(1,222.91)
Interest earned	(1,205.30)	(222.14)
Exceptional items	(4,575.90)	(4,355.31)
<b>Operating profit before working capital changes</b>	<b>6,027.80</b>	<b>6,091.37</b>
(Increase)/decrease in inventories	1,402.25	(938.70)
(Increase)/decrease in trade receivables	(1,410.00)	1,314.04
(Increase)/decrease in other current assets	3,706.89	(251.14)
(Increase)/decrease in long-term loans and advances	(955.48)	104.88
(Increase)/decrease in short-term loans and advances	(302.19)	424.35
Increase/(decrease) in trade payables	455.39	(714.00)
Increase/(decrease) in other current liabilities	(765.79)	357.34
Increase/(decrease) in long term provisions	(6.92)	(1,017.75)
Increase/(decrease) in short term provisions	465.99	1,400.74
<b>Cash Generated from Operations</b>	<b>8,617.94</b>	<b>6,771.13</b>
Direct taxes paid (net of refunds)	(367.05)	22.72
<b>Net Cash Flow from operating activities</b>	<b>8,250.89</b>	<b>6,793.85</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets, including CWIP and capital advances	(707.78)	(643.59)
Proceeds from sale of fixed assets	4,399.94	1,123.09
Deposits redeemed (maturity more than 3 months)	15,532.21	1,792.25
Deposits made (maturity more than 3 months)	(28,955.79)	(4,019.89)
Proceeds from sale of Investment	1,045.00	-
Interest received	395.99	113.41
<b>Net Cash Flow from / (used in) investing activities</b>	<b>(8,290.43)</b>	<b>(1,634.73)</b>

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

All amounts in Indian Rupees in lakhs, except stated otherwise

Particulars	March 31, 2016	March 31, 2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of equity share capital	64.80	70.42
Repayment of long-term borrowings	(1,840.04)	(1,718.00)
Proceeds from short-term borrowings	98,776.96	88,569.20
Repayment of short-term borrowings	(93,282.32)	(86,854.98)
Unclaimed dividend transferred to Investor education and protection fund	(0.15)	(0.45)
Interest paid	(3,304.77)	(3,744.83)
<b>Net Cash Flow from used in financing activities</b>	<b>414.48</b>	<b>(3,678.64)</b>
<b>D. Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A + B + C)</b>	<b>374.94</b>	<b>1,480.48</b>
<b>E. Cash and cash equivalents at the beginning of the year</b>	<b>5,266.52</b>	<b>3,786.04</b>
<b>F. Cash and cash equivalents at the end of the year</b>	<b>5,641.46</b>	<b>5,266.52</b>
<b>Components of Cash and Cash Equivalents</b>		
Cash on hand	128.41	54.49
Balance with banks :		
-- in deposit account	-	10.12
-- in current accounts	5,513.05	5,201.76
-- in unpaid dividend accounts (restricted use)	-	0.15
<b>Total cash and cash equivalents</b>	<b>5,641.46</b>	<b>5,266.52</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 30, 2016

**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 30, 2016

**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 30, 2016



*(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:

<b>Name of the Subsidiary</b>	<b>% Holding*</b>	<b>Country of Incorporation</b>
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. 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) Fixed assets and depreciation/ amortization (tangible and intangible)

Fixed assets are stated at cost of acquisition/construction less accumulated depreciation and impairment losses if any, net of grants received, where applicable and subsequent improvements thereto including taxes, duties, freight and other incidental expenses related to acquisition/construction. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

	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

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

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 tangible 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/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

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

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.

**m) Employee stock compensation cost**

Measurement and disclosure of the employee share-based payment plans is done in accordance with Securities 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 Group 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

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

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, 2016	March 31, 2015
<b>3 SHARE CAPITAL</b>		
Authorised shares	2,000.00	2,000.00
40,000,000 (2015 : 40,000,000) equity shares of Rs. 5 each		
Issued, subscribed and fully paid-up		
34,789,326 (2015 : 34,594,332) equity shares of Rs. 5 each	1,739.47	1,729.72
	<u>1,739.47</u>	<u>1,729.72</u>

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

Equity shares	31 March 2016		31 March 2015	
	No.	Amount	No.	Amount
At the beginning of the year	34,594,332	1,729.72	34,376,000	1,718.80
Add: Issued during the year - ESOP	194,994	9.75	218,332	10.92
Outstanding at the end of the year	34,789,326	1,739.47	34,594,332	1,729.72

## (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 2016		31 March 2015	
	No.	Amount	No.	Amount
Holding company :				
Blackstone FP Capital Partners (Mauritius)	19,983,742	999.19	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 2016		31 March 2015	
	No.	Shareholding %	No.	Shareholding %
Blackstone FP Capital Partners (Mauritius)	19,983,742	57.44%	19,983,742	57.77%
V-B Subsidiary Limited				
ICICI Bank Limited	27,262	0.08%	3,485,500	10.08%

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.



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

	March 31, 2016	March 31, 2015
<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	13,780.81	13,721.31
Addition on ESOPs exercised	55.05	59.50
Balance as at year end	13,835.86	13,780.81
<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	969.06	847.38
Changes during the year :		
Transferred to statement of profit and loss on occurrence of forecasted hedge transaction	(969.06)	(847.38)
Net changes in the fair value of effective portion of outstanding cash flow derivatives	474.60	969.06
	474.60	969.06
<b>Surplus / (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(12,557.15)	(15,883.01)
Depreciation adjustment	-	(142.86)
Profit for the year	6,133.60	3,468.72
Net deficit in the statement of profit and loss	(6,423.55)	(12,557.15)
	<b>19,848.12</b>	<b>14,153.93</b>

#### 5 LONG-TERM BORROWINGS

	Non-current		Current Maturities	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Term loans (secured) :				
Indian rupee loan from bank (Working capital loan)	-	2,674.00	3,041.96	2,208.00
	-	2,674.00	3,041.96	2,208.00

(a) Working capital loan from bank carries interest at 14.45% (2015: 14.95%) p.a. The loan is repayable in 35 monthly instalments of Rs 184 lakhs each and a final instalment of Rs 160 lakhs, after moratorium of 12 months from the date of loan. The loan is secured by certain land and buildings and fixed deposit of Rs 402 lakhs.

(b) Current maturities disclosed under the head current liabilities [ Refer Note 9]

#### 6 PROVISIONS

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Provision for employee benefits				
Provision for gratuity (Refer note 29)	271.99	278.91	1,400.77	1,536.85
Provision for leave benefits	-	-	1,336.69	734.62
	<b>271.99</b>	<b>278.91</b>	<b>2,737.46</b>	<b>2,271.47</b>

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

	March 31, 2016	March 31, 2015
<b>7 DEFERRED TAX ASSET/(LIABILITY)</b>		
<b>Deferred tax liability</b>		
Impact of difference between tax depreciation and depreciation for financial reporting	-	(245.58)
<b>Gross deferred tax liability</b>	-	(245.58)
<b>Deferred tax asset</b>		
Impact of difference between tax depreciation and depreciation for financial reporting	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	198.03	238.63
<b>Gross deferred tax assets</b>	959.42	238.63
<b>Net deferred tax asset/liability</b>	959.42	(6.95)
<b>8 SHORT-TERM BORROWINGS</b>		
Loans repayable on demand from banks		
Indian rupee packing credit loan (secured)	28,290.69	20,359.64
Foreign currency packing credit loan (secured)	-	3,242.26
Bank overdraft (unsecured)	3,014.22	2,602.19
	31,304.91	26,204.09
Note :		
(a) Packing credit is secured against hypothecation of inventory, trade receivables and three immovable properties. The interest rate is 10.15% (2015: 10.70%) p.a for Indian rupee loan and LIBOR+350 (2015: LIBOR+350) basis points for foreign currency packing credit loan.		
<b>9 TRADE PAYABLES AND OTHER CURRENT LIABILITIES</b>		
Trade payables		
total outstanding dues of micro enterprises and small enterprises	41.02	27.59
total outstanding dues of creditors other than micro enterprises and small enterprises	10,635.85	10,231.82
	10,676.87	10,259.41
Other current liabilities		
Current maturities of long-term borrowings [Refer Note 5]	3,041.96	2,208.00
Other expenses / liabilities	2,796.69	2,948.28
Advances from customers / others	383.34	1,963.77
Bank overdraft	11.72	310.58
Interest accrued and not due on borrowings	169.79	214.97
Unclaimed dividends	-	0.15
Statutory liabilities	646.57	681.72
	7,050.07	8,327.47
	17,726.94	18,586.88

# 10 FIXED ASSETS

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

	Tangible assets							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
Cost or valuation														
At 1 April 2014	1,323.91	7,654.75	1,445.82	29,863.66	1,887.16	524.79	2,528.48	960.99	475.42	46,664.98	694.64	314.79	648.67	1,658.10
Additions	-	2.54	90.61	281.32	3.61	17.92	1.03	25.42	-	422.45	-	-	22.13	22.13
Disposals	186.91	1,145.71	144.99	584.83	116.90	1.84	73.58	473.98	-	2,728.74	-	-	44.65	44.65
At 31 March 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	-	314.79
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
Depreciation														
At 1 April 2014	-	3,955.85	1,291.56	19,816.70	1,268.94	339.75	1,910.47	853.30	400.40	29,836.97	694.64	-	557.19	1,251.83
Charge for the year	-	336.77	155.28	2,147.45	275.75	40.68	222.89	75.06	23.76	3,277.64	-	-	43.09	43.09
Disposals	-	745.83	116.19	497.69	95.46	1.22	61.56	473.98	-	1,991.93	-	-	44.65	44.65
Depreciation adjustment	-	-	-	4.59	20.65	97.71	10.92	6.62	2.37	142.86	-	-	-	-
At 31 March 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
Net Block														
At 31 March 2015	1,137.00	2,964.79	60.79	8,089.10	303.99	63.95	373.21	51.43	48.89	13,093.15	-	314.79	70.52	385.31
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

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

	March 31, 2016	March 31, 2015
<b>11 NON-CURRENT INVESTMENTS</b>		
<b>Non trade investments [valued at cost unless stated otherwise]</b>		
Investment in Government Securities (unquoted)	0.63	0.63
	<b>0.63</b>	<b>0.63</b>
Note :		
(a) Aggregate amount of unquoted investments	0.63	0.63

**12 LOANS AND ADVANCES**

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>(A) Unsecured, Considered Good</b>				
Capital advances	103.52	14.70	-	-
Security and other deposits	3,901.66	2,924.58	1.00	1.00
Advances recoverable in cash / kind	-	-	1,011.92	935.35
Other loans and advances				
Prepaid expenses	14.50	14.79	303.26	328.43
Loans and advances to employees	26.92	48.23	31.73	60.67
Other receivables	-	-	-	18.40
Advance tax	1,671.83	1,469.26	-	-
Minimum alternate tax credit entitlement	-	0.27	-	-
Balance with statutory government authorities	-	-	225.94	154.44
	<b>5,718.43</b>	<b>4,471.83</b>	<b>1,573.85</b>	<b>1,498.29</b>
<b>(B) Advances/deposits considered doubtful</b>				
Security and other deposits	31.16	31.16	-	-
Other receivables	239.95	221.55	-	-
	271.11	252.71	-	-
Less: Provision for doubtful advances / deposits	(271.11)	(252.71)	-	-
	-	-	-	-
<b>Total (A+B)</b>	<b>5,718.43</b>	<b>4,471.83</b>	<b>1,573.85</b>	<b>1,498.29</b>

**13 OTHER ASSETS**

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>Unsecured, Considered Good</b>				
Non-current bank balances [ Refer Note 17]	735.78	657.56	-	-
Interest accrued on bank deposits	-	-	930.88	121.57
Mark to market gain on derivative contracts	-	-	530.10	1,102.45
Export incentives receivable	-	-	3,602.92	3,010.94
Other receivables	-	-	192.77	4,413.75
	<b>735.78</b>	<b>657.56</b>	<b>5,256.67</b>	<b>8,648.71</b>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

	March 31, 2016	March 31, 2015
<b>14 CURRENT INVESTMENTS</b>		
<b>Unquoted government securities</b>		
National Savings Certificate and Indira Vikas Patra	0.09	0.09
	<u>0.09</u>	<u>0.09</u>
Note :		
(a) Aggregate amount of unquoted investments	0.09	0.09
<b>15 INVENTORIES</b>		
(Valued at lower of cost and net realisable value)		
Raw materials (including packing materials)	5,681.91	7,428.34
[includes material in transit Rs.355 lakhs (2015 : 273.25 lakhs)]		
Work-in-progress	7,823.71	8,759.61
Finished goods	6,107.52	4,818.02
Consumables, stores and spares parts	305.20	314.62
	<u>19,918.34</u>	<u>21,320.59</u>

**16 TRADE RECEIVABLES**

	31 March 2016	31 March 2015
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	312.33	476.64
Unsecured, considered doubtful	1,137.16	1,503.95
	<u>1,449.49</u>	<u>1,980.59</u>
Less: Provision for doubtful receivables	1,137.16	1,503.95
	<u>312.33</u>	<u>476.64</u>
Other receivables		
Unsecured, considered good	8,183.73	7,738.43
	<u>8,496.06</u>	<u>8,215.07</u>

**17 CASH AND BANK BALANCES**

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Cash and cash equivalents				
Cash on hand	-	-	128.41	54.49
Balance with banks :				
-- in current accounts	-	-	5,511.10	5,200.23
-- in EEFC accounts	-	-	1.95	1.53
-- in unpaid dividend accounts	-	-	-	0.15
Deposits with original maturity for less than 3 months	-	-	-	10.12
	<u>-</u>	<u>-</u>	<u>5,641.46</u>	<u>5,266.52</u>
Other bank balances				
Deposits with original maturity for more than 12 months*	735.78	657.56	-	66.54
Deposits with original maturity for more than 3 months and less than 12 months	-	-	15,474.66	2,062.76
	<u>735.78</u>	<u>657.56</u>	<u>15,474.66</u>	<u>2,129.30</u>
Amount disclosed under non-current assets (note 13)	(735.78)	(657.56)	-	-
	<u>-</u>	<u>-</u>	<u>21,116.12</u>	<u>7,395.82</u>

\* Includes Rs. 402 lakhs (2015 - 402 lakhs) held by the bank as security against the term loan.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

	March 31, 2016	March 31, 2015
<b>18 REVENUE FROM OPERATIONS</b>		
(A) Sale of Finished goods		
-- Exports	91,308.52	81,933.78
-- Domestic	13,937.07	18,806.69
	<u>105,245.59</u>	<u>100,740.47</u>
(B) Other operating revenue		
Sale of accessories, fabrics, etc	928.18	845.72
Job work income	1,615.05	1,976.27
Export incentives	6,122.62	5,223.81
Scrap sales and others (including claims)	488.96	348.82
	<u>9,154.81</u>	<u>8,394.62</u>
<b>Revenue from operations (gross)</b>	<u><b>114,400.40</b></u>	<u><b>109,135.09</b></u>
<b>19 OTHER INCOME</b>		
Interest income		
on bank deposit	989.76	222.14
on others	215.54	-
Exchange differences (net)	787.98	3,147.57
Profit on sale of fixed assets	9.97	44.67
Excess provision of earlier years written back	115.17	1,222.91
Other non-operating income	1,102.70	88.50
	<u><b>3,221.12</b></u>	<u><b>4,725.79</b></u>
<b>20 COST OF RAW MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	7,428.34	8,525.63
Add: purchases	57,953.30	55,008.48
	<u>65,381.64</u>	<u>63,534.11</u>
Less: inventory at the end of the year	5,681.91	7,428.34
<b>Cost of raw materials consumed</b>	<u><b>59,699.73</b></u>	<u><b>56,105.77</b></u>
<b>21 (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
Inventories at the beginning of the year		
Work-in-progress	8,759.61	7,168.32
Finished goods	4,818.02	4,406.80
	<u>13,577.63</u>	<u>11,575.12</u>
Inventories at the end 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>
	<u><b>(353.60)</b></u>	<u><b>(2,002.51)</b></u>
<b>22 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, wages and bonus	29,582.22	31,511.46
Contribution to provident fund and other fund	3,572.04	3,578.13
Gratuity expense	578.71	869.68
Staff welfare expenses	845.82	1,086.17
	<u><b>34,578.79</b></u>	<u><b>37,045.44</b></u>



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

	March 31, 2016	March 31, 2015
<b>23 OTHER EXPENSES</b>		
Consumption of consumables, stores and spares	1,167.05	1,140.54
Power and fuel	2,254.21	2,327.69
Job work charges	1,538.53	1,262.74
Other manufacturing expenses	695.94	746.85
Rent	3,679.52	2,594.46
Rates and taxes	245.82	163.05
Insurance	350.37	319.02
Repairs and maintenance		
- Plant and machinery	559.21	630.87
- Buildings	91.69	110.96
- Others	546.09	513.78
Legal and professional charges	407.15	364.22
Printing and stationery	114.02	141.31
Communication costs	153.73	205.15
Travelling and conveyance	374.07	410.41
Auditors' remuneration	84.99	61.15
Director's remuneration	184.07	174.55
Clearing, forwarding and freight (net of recoveries)	983.14	1,087.89
Provision for doubtful deposits and advances	18.40	-
Capital work in progress written off	136.23	-
Irrecoverable balances written off	208.23	211.39
Provision for doubtful debts	489.61	587.96
Bad debts written off	362.60	342.23
Export claims	408.35	603.25
Miscellaneous expenses	1,584.70	1,395.22
	<b>16,637.72</b>	<b>15,394.69</b>
<b>24 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation on tangible assets	2,186.49	3,277.64
Amortisation on intangible assets	31.03	43.09
	<b>2,217.52</b>	<b>3,320.73</b>
<b>25 FINANCE COSTS</b>		
Interest		
- on term loans	572.55	887.59
- on packing credit	1,795.09	2,304.09
- on bill discounting and others	891.95	742.42
Exchange difference to the extent considered as an adjustment to borrowing cost	131.30	31.77
Bank charges	586.33	722.16
	<b>3,977.22</b>	<b>4,688.03</b>
<b>26 EXCEPTIONAL ITEMS</b>		
Profit on sale of land, building and other fixed assets	2,574.62	4,355.31
Profit on sale of investment in subsidiary	751.28	-
Compensation for surrender of tenancy	1,250.00	-
	<b>4,575.90</b>	<b>4,355.31</b>

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

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

	31 March 2016	31 March 2015
(a) Claims against the Group not acknowledged as debts	469.46	484.60
(b) Guarantees given by banks	645.00	-
(c) Outstanding letters of credit	2,519.84	4,574.76
(d) Bills discounted with banks	13,912.04	10,711.33
(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)	123.57	259.43
(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, 2021	344.20	144.91
(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 2016	31 March 2015
<b>Net employee benefit expense (in statement of profit and loss) :</b>		
Current service cost	396.77	378.13
Interest cost on benefit obligation	138.76	136.30
Expected Return on Plan Assets	(37.62)	(41.51)
Actuarial loss/(gain)	80.80	396.76
<b>Net benefit expense</b>	<b>578.71</b>	<b>869.68</b>
<b>Actual return on plan asset</b>	<b>41.09</b>	<b>8.99</b>
<b>Details of Provision for gratuity (in Balance Sheet)</b>		
Defined benefit obligation	2,271.64	2,224.38
Fair value of plan asset	(598.88)	(408.62)
<b>Plan liability / (asset)</b>	<b>1,672.76</b>	<b>1,815.76</b>
<b>Changes in the present value of defined benefit obligation</b>		
Opening defined benefit obligation	2,224.38	1,661.54
Current Service Cost	396.77	378.13
Interest Cost	138.76	136.30
Benefits Paid	(572.54)	(315.83)
Actuarial (gain)/loss	84.27	364.24
<b>Closing defined benefit obligation</b>	<b>2,271.64</b>	<b>2,224.38</b>

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

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

	31 March 2016	31 March 2015
Opening fair value of plan asset	408.62	140.68
Expected return	37.62	41.51
Actuarial gain / (loss)	3.47	(32.52)
Contributions by employer	721.71	574.78
Benefits Paid	(572.54)	(315.83)
<b>Closing fair value of plan asset</b>	<b>598.88</b>	<b>408.62</b>

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

	31 March 2016	31 March 2015
Interest Rate	7.21%	7.95%
Discount Factor	7.21%	7.95%
Estimated Rate of return on Plan Assets	8.00%	8.00%
Attrition Rate	40.00%	40.00%
Rate of escalation in Salary per annum	10.00%	12.00%
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 2016	31 March 2015
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. 1,400.77 lakhs to gratuity fund in 2016-17.

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

	31 March 2016	31 March 2015	31 March 2014	31 March 2013	31 March 2012
Defined benefit obligation	2,271.64	2,224.38	1,661.54	1,339.81	1,252.46
Plan assets	(598.88)	(408.62)	(140.68)	(173.09)	(294.31)
(Surplus) / deficit	1,672.76	1,815.76	1,520.86	1,166.72	958.15
Experience adjustment on plan liabilities	84.27	364.24	132.14	(7.03)	52.13
Experience adjustment on plan assets	3.47	32.52	6.37	(0.06)	(1.28)

**30. Segment information**

## a) Primary business segment

The Group is engaged in a single business segment of sale of garment, and hence, no additional disclosures are required, other than those already given in the consolidated 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 Group 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	Revenues / Income	Carrying amount of segment assets
In India	22,559.44 (26,841.97)	68,051.20 (61,488.66)
Outside India	91,732.90 (82,181.18)	5,577.69 (4,417.29)
<b>Total</b>	<b>114,292.34</b> <b>(109,023.15)</b>	<b>73,628.89</b> <b>(65,905.95)</b>

All fixed assets are located in India.

Notes: Figures in brackets related to previous year.

## 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. The following are the volume of transactions with related parties during the year and outstanding balances as at the year-end disclosed in aggregate by type of related party:

Nature of transactions	31 March 2016	31 March 2015
<b>Remuneration</b>		
<b>Key Management Personnel</b>		
Gautam Chakravarti	14.08	149.25
Padala Ramababu	112.69	-
Sumit Keshan	87.35	102.63
Sathyamurthy A	22.49	-
Ramya Kannan	8.20	-
	<b>244.81</b>	<b>251.88</b>
<b>Trade payables and other current liabilities</b>		
Remuneration to Key Management Personnel		
Gautam Chakravarti	-	42.91
Padala Ramababu	21.53	-
Sumit Keshan	-	10.46
Sathyamurthy A	3.24	-
Ramya Kannan	0.58	-
	<b>25.35</b>	<b>53.37</b>

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

### 32. Leasing Arrangements:

The Group's leasing arrangements in respect of its office, factory and residential premises are in the nature of operating leases. These leasing arrangements, which are usually cancellable at the option of the lessee, are for a total period ranging from eleven months to sixty six months 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. 3679.52 lakhs (2015: Rs. 2594.46 lakhs).

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

	31 March 2016	31 March 2015
Not later than one year	1,483.36	195.44
Later than one year and not later than five years	3,760.82	-
Later than five years	-	-
	5,244.18	195.44

### 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 2016		31 March 2015		Purpose
	foreign currency (in lakhs)	Rs. (in lakhs)	foreign currency (in lakhs)	Rs. (in lakhs)	
USD	331.29	22,788.84	540.06	33,834.84	Hedge of expected future sales
EURO	-	-	37.29	2,521.72	

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

	Receivables / (Payables)			
	31 March 2016		31 March 2015	
	Amount in foreign currency	Amount in Rs. lakhs	Amount in foreign currency	Amount in Rs. lakhs
Bank balances – USD	2,943	1.95	2,435	1.53
Trade receivables – USD*	6,795,231	4,507.62	4,982,429	3,120.49
Trade receivables – EUR*	859	0.64	1,373,254	928.65
Trade receivables – GBP*	979,301	931.81	108,645	100.58
Loans and advances – USD	587,518	389.73	410,050	256.94
Loans and advances – EUR	2,681	2.01	15,751	10.63
Loans and advances – GBP	900	0.86	-	-
Short-term borrowings – USD	-	-	(5,174,366)	(3,242.26)
Trade payables – USD	(2,763,955)	(1,833.75)	(2,685,649)	(1,682.83)
Trade payables – EUR	(18,092)	(13.58)	(21,404)	(14.48)
Trade payables – GBP	(7,164)	(6.82)	(8,086)	(7.49)
Advances received from customers – USD	-	-	(65,684)	(44.42)

\* net of export bills discounted

### 34. Exchange difference

	31 March 2016	31 March 2015
Exchange difference loss / (gain)		
Pre-shipment packing credit	53.55	-
Post-shipment credit	(262.62)	105.68
Forward contracts and options	(689.32)	(3,262.49)
Foreign currency receivables	(38.44)	(83.60)
Foreign currency payables	148.85	92.84
	(787.98)	(3,147.57)

(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 Group 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".

Nil (2015: 85,000) options have been granted during the year and 408,339 (2015: 1,136,668) are outstanding as at March 31, 2016. The vesting period ranges from 1 to 7 years. Weighted average of remaining contractual life is 7.37 years (2015: 8.35 years). The weighted average exercise price of all the options is Rs. 42.34 (2015: Rs. 40.89). 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. Nil (2015: Rs.55.86). The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31 March 2016	31 March 2015
Dividend yield %	*	-
Expected volatility %	*	45.50%
Risk free interest rate	*	7.95%
Weighted average share price	*	40.89
Exercise price	*	80.20
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. During the year ended March 31, 2016, 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 backed by the 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 realised.
37. 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 Group during financial year ended March 31, 2016. 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 consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.
38. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

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

Name of the entity	Net assets				Share in profit or loss			
	As % of consolidated net assets*		Amount in lakhs		As % of consolidated profit or loss*		Amount in lakhs	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
<b>Parent</b>								
Gokaldas Exports Limited	85.20%	105.50%	18,392.91	16,762.66	99.30%	99.05%	6,090.70	3,435.58
<b>Subsidiaries</b>								
<b>Indian</b>								
All Colour Garments Private Limited	2.00%	-	346.28	72.33	-	-	(2.59)	(0.43)
Deejay Trading Private Limited	1.00%	-	122.55	2.69	0.10%	0.45%	4.75	5.11
Glamourwear Apparels Private Limited	1.00%	-	159.37	(33.60)	0.10%	-	5.55	3.93
Madhin Trading Private Limited	-	(1.00%)	79.78	(189.58)	0.10%	-	5.55	1.15
Magenta Trading Private Limited	-	(1.00%)	75.82	(194.89)	-	-	3.40	4.91
Rafter Trading Private Limited	-	-	75.26	(76.82)	0.10%	0.50%	4.39	5.48
Rajdin Apparels Private Limited	1.00%	(1.00%)	209.23	(91.17)	-	-	6.93	3.16
Reflexion Trading Private Limited	-	-	28.54	(16.55)	0.10%	-	5.59	3.05
Rishikesh Apparels Private Limited	1.00%	-	104.38	15.28	0.10%	-	5.74	2.13
Robot Systems Private Limited	-	-	-	7.30	-	-	-	(0.26)
Seven Hills Clothing Private Limited	1.30%	(5.00%)	329.86	(715.47)	0.10%	-	4.14	3.24
SNS Clothing Private Limited	7.50%	2.50%	1,581.39	332.20	-	-	2.34	2.32
Vignesh Apparels Private Limited	-	-	82.22	9.27	-	-	(2.89)	(0.65)
	100.00%	100.00%	21,587.59	15,883.65	100.00%	100.00%	6,133.60	3,468.72

\* Rounded off to zero for insignificant items.

**40. 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: 000934S

**per A.V. Satish Kumar**  
Partner  
Membership No. F-26526  
Place: Bengaluru  
Date: May 30, 2016

**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 30, 2016

**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 30, 2016





gokaldas exports ltd.



One team for all seasons



Gokaldas Exports Ltd  
No 16/2, Residency Road  
Bangalore 560025, Karnataka, India  
Phone 080 41272200 / 080 41272220  
Email [investorcare@gokaldasexports.com](mailto:investorcare@gokaldasexports.com)