

Corporate Governance Report

(A) Corporate Governance Philosophy

We stand committed to good Corporate Governance – transparency, disclosure and independent supervision to increase the value of the various stakeholders. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. The basic philosophy of Corporate Governance in the Company is to achieve business excellence and dedication to increasing long-term shareholder value, keeping in view the interests of the company's stakeholders.

(B) Board of Directors

(i) The composition of the Board of Directors as at 31st March 2005 is as follows :

Sl. No.	Name of Director	Executive/ Non-Executive	No. of other Directorships*	Committee* Memberships	Committee Chairmanships
1)	Shri Madanlal J Hinduja Chairman & Managing Director	Promoter / Executive	18	2	Nil
2)	Shri Rajendra J Hinduja Executive Director – Finance & Administration	Promoter/ Executive	20	2	Nil
3)	Shri Dinesh J Hinduja Executive Director – Production & Marketing	Promoter/ Executive	18	2	Nil
4)	Shri H.S. Nagaraj	Non-Executive & Independent	3	2	Nil
5)	Shri K.P. Kumar	Non-Executive & Independent	5	3	2
6)	Shri Pradip P Shah	Non-Executive & Independent	18	10	4

* includes private limited and foreign companies.

None of the non-executive independent Directors have any pecuniary relationship or transactions with Gokaldas Exports Group except for holding Directorship.

Shri Pradip P Shah, Shri H.S. Nagaraj and Shri K.P. Kumar have been appointed as Directors on 19th January 2005 at an Extraordinary General Meeting of the Company.

(ii) Meetings held during financial year 2004-2005 and attendance of Directors

The Board meets at least once a quarter and ten meetings were held during the financial year 2004-2005 on April 12, 2004, June 14, 2004, July 5, 2004, September 13, 2004, November 3, 2004, December 7, 2004, December 14, 2004, January 3, 2005, January 7, 2005 and January 19, 2005.

The attendance of each Director at these meetings and at the last Annual General Meeting was as follows:

Sl. No.	Name of Director	No. of Board Meetings attended	Attendance at last AGM
1)	Shri Madanlal J Hinduja Chairman & Managing Director	10	Present
2)	Shri Rajendra J Hinduja Executive Director – Finance & Administration	10	Present
3)	Shri Dinesh J Hinduja Executive Director – Production & Marketing	10	Present
4)	Shri Pradip P Shah *	N/A	N/A
5)	Shri H.S. Nagaraj *	N/A	N/A
6)	Shri K.P. Kumar *	N/A	N/A

*from January 19, 2005

(C) Committees of Directors

(i) Audit Committee

The Audit Committee was constituted during the financial year and consists of three non-executive independent Directors as follows:

Members of Audit Committee

Sl No.	Name of Director	Designation
1.	Shri Pradip P Shah	Chairman
2.	Shri H.S. Nagaraj	Member
3.	Shri K.P. Kumar	Member

Since the company was converted to a public limited company only on January 7, 2005, no occasion arose for holding any Audit Committee Meeting during the period ended March 31, 2005.

The principal functions of the committee are:

1. Oversight (supervision, direction and control) of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Discussion with the Auditors periodically about the internal control systems and the scope of audit including observations of the Auditors.
3. Review of the half-yearly and annual financial statements before submission to the Board focusing primarily on :
 - a. Any changes in accounting policies and practices.
 - b. Major accounting entries based on exercise of judgment by management.
 - c. Qualifications in draft report.
 - d. Significant adjustments arising out of audit.
 - e. Going concern assumption.
 - f. Compliance with accounting standards.
 - g. Compliance with Stock Exchange and legal requirements concerning financial statements.
 - h. Any related party transactions, transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of company at large.
4. Ensure compliance of internal control systems.
5. Investigation into any of the afore stated matters or as may be referred to by the Board.
6. Review of the Auditors' Report on the Financial Statements and to seek clarifications thereon, if required, from the Auditors.
7. Review of weaknesses in Internal Controls, if any and make recommendations relating thereto to the Board so as to ensure compliance of internal control systems.
8. To act as a link between the Statutory and the Internal Auditors and the Board of Directors.
9. Any other matter which the Board of Directors may at its discretion assign to the Committee from time to time.

(ii) Shareholders Grievances Redressal Committee:

The Shareholders Grievances Redressal Committee was constituted during the financial year comprising of the following Directors:

Members of Shareholders Grievances Redressal Committee:

Sl No.	Name of Director	Designation
1.	Shri K.P. Kumar	Chairman
2.	Shri H.S. Nagaraj	Member
3.	Shri Madanlal J Hinduja	Member
4.	Shri Rajendra J Hinduja	Member
5.	Shri Dinesh J Hinduja	Member

Since the company was converted to a public limited company only on January 7, 2005 and the public issue of 31,25,000 equity shares through 100% book building process was completed only in April 2005, no occasion arose for holding any Shareholders Grievances Redressal Committee Meeting during the period ended March 31, 2005.

The principal functions of the committee are to look into Investors' complaints, non-receipt of refund orders, transfer and transmission of shares, non-receipt of annual reports, non-receipt of declared dividends etc., and redressal thereof.

(iii) IPO Committee

The IPO (Initial Public Offer) Committee was constituted during the financial year in accordance with the provisions of the Companies Act, 1956. The composition of the IPO Committee and attendance of the Committee members at the two meetings on March 3, 2005 and March 15, 2005, were as follows:

Sl No.	Name of Director	Designation	No. of meetings attended
1.	Shri K.P. Kumar	Chairman	2
2.	Shri Madanlal J Hinduja	Member	2
3.	Shri Rajendra J Hinduja	Member	2
4.	Shri Dinesh J Hinduja	Member	2

The principal functions of the committee are to review and take decisions on all matters in connection with the issue of shares to the public, including signing any documents, deeds and declarations, to be filed before any authorities including SEBI, NSE, BSE etc.

(D) Annual General Meetings

The Company was incorporated on 1st March 2004 under Part IX of the Companies Act 1956 through conversion of a partnership firm into a limited company and hence the first Annual General Meeting (AGM) of the Company was held at the following place in the last year for the period ended 31st March 2004:

For the year	Venue	Day and Date	Time
2003-2004	Board Room Regd. Office : No. 70, Mission Road Bangalore – 560 027	Saturday, July 31, 2004	12.00 Noon

(E) Disclosures

(i) Disclosures on materially significant related party transactions

The related party transactions during the year have been listed in the notes to the accounts. Shareholders may please refer the same.

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

The Company has been listed on the Stock Exchange, Mumbai (BSE) and the National Stock Exchange of India Limited (NSE) on April 27, 2005 and the trading in the company's shares commenced on April 27, 2005. The company has since then complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets since then.

(F) Means of Communication

(i) Financial Results

The annual audited financial results, the quarterly unaudited financial results and the half-yearly unaudited financial results with limited review will be published in The Economic Times (English) and Kannada Prabha / Prajavani (Kannada). The results will also be placed on the Company's website at www.gokaldasexports.com.

The Balance Sheet, Profit and Loss Accounts, Directors' Report, Auditors' Report, Cash Flow Statement quarterly and half yearly financial statements, Corporate Governance report, Shareholding pattern, etc., can be retrieved by the investors from the Electronic Data Information Filing and Retrieval Systems (EDIFAR) set up by the National Informatics Centre (NIC) in association with SEBI. The site can be accessed at <http://sebidifar.nic.in> or www.sebi.gov.in.

(ii) Other information

The Company has its own website www.gokaldasexports.com wherein other related information is available. The Company has a dedicated help desk with email ID: mvs@gokaldasexports.com in the Secretarial Department for providing necessary information to the investors. The Company proposes to hold press meets / analysts meets to apprise and make public the information relating to the Company's working and future outlook.

(G) Management's Discussion & Analysis

The Management's Discussion & Analysis Report is given separately in the annual Report.

(H) General Shareholders' Information

(i) Annual General Meeting

Day, date and time : Wednesday, the 10th August 2005 at 10.30 AM
Venue : Banquet Hall (Lobby level)
Hotel Grand Ashok
Kumara Krupa Road, High Grounds,
Bangalore - 560 003.

Agenda:

- 1) Adoption of Audited Accounts, Directors' & Auditors' Report thereon.
- 2) Re-appointment of Shri Rajendra J Hinduja and Shri Dinesh J Hinduja, Directors
- 3) Re-appointment of M/s. RSM & Co, Chartered Accountants and M/s. Girish, Murthy & Kumar, Chartered Accountants as Joint Statutory Auditors
- 4) Declaration of Dividend
- 5) Payment of remuneration to Shri Madanlal J Hinduja, Chairman and Managing Director
- 6) Payment of remuneration to Shri Rajendra J Hinduja, Executive Director
- 7) Payment of remuneration to Shri Dinesh J Hinduja, Executive Director
- 8) Amendment of Articles of Association of the company
- 9) Consent of the members under Section 163 of the Companies Act, 1956 to keep the register of members and other statutory records at a premises other than the Registered Office.

(iii) The profile of Directors seeking re-appointment

(a) Shri Rajendra J Hinduja

Shri Rajendra J Hinduja holds a Bachelors degree in Engineering from the Bangalore University. He has been involved in the business since the Company's inception.

He has been the Senior Vice Chairman of the Apparel Export Promotion Council (APEC) in 2003 and has been on their Executive Committee for the past two decades. He is currently advisor to the Confederation of Indian Apparel Exporters. He has also served various committees formed by the Ministry of Textiles, Government of India on export/development projects. He is also on the Industry High power committee of Government of Karnataka since 2003.

He looks after finance, logistics, imports and exports, human resources/personnel and legal matters for the organization. He is also responsible for new projects and initiatives of the Company.

(b) Shri Dinesh J Hinduja

Shri Dinesh J Hinduja holds a Bachelors degree in Science from Bangalore University and involved in the business of the Company since its inception.

He has been the recipient of award for excellence in the year 1994 from Association of Young India. He was on the state level management committee of NIFT in the year 1998 and on the advisory board of the World Fashion Exchange inc. USA.

He oversees entire marketing function including designing, sampling, customer interaction and service. He is also responsible for our manufacturing function and oversees production planning, operations of our factories and support units.

(iv) Financial Calendar

Indicative calendar of events for the financial year 2005-2006 excluding Extraordinary General Meetings, if any, is as under:

First Quarter Financial Results (June 2005)	July, 2005
Annual General Meeting	10th August, 2005
Second Quarter Financial Results (September 2005)	October, 2005
Third Quarter Financial Results (December 2005)	January 2006
Fourth Quarter / Audited Financial Results (March 2006)	May/June 2006

(v) Book Closure

The Company's Register of Members and Share Transfer Books will remain closed for the purpose of dividend from 2nd August 2005 to 10th August, 2005 (both days inclusive).

(vi) Dividend

The dividend recommended by Directors, on approval by the members at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear on the Company's Register of Members as on 1st August, 2005.

(vii) Listing on Stock Exchanges

The Company's equity shares are listed at the following Stock Exchanges located at :	Addresses of the Stock Exchanges
The Stock Exchange, Mumbai (BSE)	The Stock Exchange, Mumbai (BSE) Phiroze Jeejeebhoy Towers Dalal Street MUMBAI 400 001
National Stock Exchange, Mumbai (NSE)	The National Stock Exchange of India Ltd (NSE), Exchange Plaza, 5 th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex Bandra (E) MUMBAI – 400 051
The Stock Code of the Company is	BSE – 532630 NSE – GOKEX
The ISIN No for the Company's Equity Shares in Demat form	INE 887G01019
Depository Connectivity	NSDL and CDSL

(viii) Market Price Data

- (1) The market price of the Company's shares traded in The Stock Exchange, Mumbai and the National Stock Exchange on 31st May, 2005 was Rs. 689.90 and Rs. 644.95 respectively.
- (2) The market capitalization of the company's shares as on 31st May, 2005 was Rs. 118580 lakhs on The Stock Exchange, Mumbai (BSE) and Rs. 110854 lakhs on National Stock Exchange, Mumbai (NSE).

(ix) Shareholding Pattern

Equity Shares of Rs. 10/- each

Shareholders	As on 31.03.2004		As on 31.05.2005	
	No. of Shares	%	No. of Shares	%
Promoters	1,00,00,000	100	1,32,18,000	76.90
Resident Individuals	-	-	7,97,635	4.64
Mutual Funds	-	-	15,73,806	9.16
Bodies Corporates	-	-	8,96,799	5.22
Foreign Institutional Investors	-	-	4,44,115	2.58
HUF	-	-	2,05,163	1.19
Non resident Indians	-	-	22,312	0.13
Clearing Members	-	-	21,033	0.12
Banks	-	-	9,000	0.05
Trusts	-	-	137	0.01
Total	1,00,00,000	100	1,71,88,000	100

(x) Distribution of Shareholding:

No. of equity shares held	As on 31st May, 2005	
	No. of Shareholders	% of Shareholders
1 - 500	24049	3.13
500 - 10,000	95	0.43
10,001 - 20,000	45	0.40
20,001 - 30,000	13	0.06
30,001 - 40,000	7	0.14
40,001 - 50,000	3	0.08
50,001 - 1,00,000	16	0.68
1,00,001 & above	54	94.99
Total	24,282	100.00

(xi) Share Transfer Process

The Company's shares being in compulsory demat form are transferable through the depository system. The shares in physical form are processed by the Registrar and Transfer Agents and approved by the Shareholders' Grievances Redressal Committee. Share transfer process is reviewed by the Board.

(xii) Dematerialisation of Shares

The equity shares of the company are available under dematerialised form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Trading of the Company's shares for all investors is compulsorily carried out in dematerialized form.

As on May 31, 2005, 39,00,000 shares have been dematerialised representing 22.70% of the total shares.

(xiii) Factory Locations

The Company's factories are located at different places in and around Bangalore.

(xiv) Address for Correspondence

(1) Registrar and Transfer Agents:

(For share transfer, dividend related queries)

**Karvy Computershare Private Limited
(Unit : Gokaldas Exports Limited)**

"Karvy House", 46, Avenue 4
Street No. 1, Banjara Hills
Hyderabad - 500 034

(2) Company

(For any other matter, unresolved complaints)

**Gokaldas Exports Limited
Regd. Office :**

No. 70, Mission Road
Bangalore – 560 027
Tel No. 080 - 5127 2200
Fax No.080 – 2227 4869
Corporate Secretarial E-mail ID:
mvs@gokaldasexports.com
Corporate Website :
www. Gokaldasexports.com

(xv) We have been advised that in view of listing of the Company's shares from April 27, 2005, the Auditors' Certificate on compliance of Corporate Governance does not apply for the year ended 31st March, 2005.

For and on behalf of the Board of Directors

**Place : Bangalore
Date : June 18, 2005**

**Madanlal J Hinduja
Chairman & Managing Director**