

# **Deejay Trading Private Limited**

**Annual Report  
2009-10**

**Board of Directors**

Shri Madanlal J Hinduja, Chairman  
Shri Dinesh J Hinduja, Director  
Shri Rajendra J Hinduja, Director

**Registered Office:**

70, Mission Road  
Bangalore-560027.

**Auditors**

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

**Bankers**

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

## DIRECTORS REPORT

Your Directors take great pleasure in presenting the Seventh Annual Report of your Company together with the audited accounts for the period ended 31<sup>st</sup> March 2010.

### 1. Financial Results:

The company primarily derives its income from the holding company, viz., Gokaldas Exports Limited by way of Job Work charges, etc. and the financial results for the year ended 31<sup>st</sup> March 2010 are given below:

	(Rupees)	
Particulars	31.03.2010	31.03.2009
Total Income	14,71,83,519	14,51,62,443
Expenditure	14,56,84,542	14,22,17,704
Profit Before Tax	14,98,976	29,44,739
Taxation	4,63,184	24,41,036
Profit After Tax	10,35,793	5,36,373
Balance Carried Forward	25,45,123	15,09,330

### 2. Performance:

During the year the company posted a turnover of Rs 14.72 crores and profit before tax and after tax of Rs 14.99 lakhs and 10.36 lakhs respectively.

### 3. Auditors:

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

### 4. Directors:

Shri Rajendra J Hinduja, Director retires at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment.

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

Not applicable.

### 6. Particulars of Employees:

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

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

### 7. Directors Responsibility Statement:

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.

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

### **8. Acknowledgments:**

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

For and on behalf of the Board of Directors  
Of **DEEJAY TRADING PRIVATE LIMITED**

Bangalore  
May 24, 2010

Sd/-  
**MADANLAL J HINDUJA**  
**CHAIRMAN**

## **NOTICE TO SHAREHOLDERS**

NOTICE is hereby given that the Seventh Annual General Meeting of the members of the company will be held at the registered office of the Company at No.70, Mission Road, Bangalore -560 027 August 30, 2010 at 10:00 AM to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Rajendra J Hinduja, Director, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s P.A. Ghatage & Co., Chartered Accountants as Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

**Sd/-  
Madanlal J Hinduja  
Chairman**

**Place: Bangalore  
Date: May 24, 2010**

### **Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy must be a member of the Company. Proxies in order to be effective must be received at the company's registered office not later than forth-eight hours before the commencement of the meeting.
2. The Register of Members and Share Transfer Books of the company will remain closed from August 25, 2010 to August 30, 2010(both days inclusive) for the purpose of Annual General Meeting.

**AUDITORS' REPORT**

**TO THE MEMBERS OF DEEJAY TRADING PRIVATE LIMITED**

I have audited the attached Balance Sheet of **DEEJAY TRADING PRIVATE LIMITED** as on 31st March 2010 & Profit and Loss Account and cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

Further, I report that,

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

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

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

In my opinion, the Balance Sheet and the profit and Loss Account and cash flow statement dealt with by this report complies with the mandatory Accounting Standards referred in Section 211 (3C) of the Companies Act, 1956, and

On the basis of written representations received from the directors as at 31st March 2010 and taken on record by the board of directors, I report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the companies act, 1956, as on that date.

In my opinion, and to the best of my information and according to the explanations given to me, the said accounts, together with and subject to notes annexed thereto, give the information required, and give a true and fair view:

**P.A.GHATAGE & CO**  
**Chartered Accountants**

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- a. In the case of balance sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2010,
- b. In the case of Profit and loss account, of the profit of the Company for the year ended on that date, and
- c. in the case of Cash flow statement, of the cash flows of the Company for the year ended on that date.

As required by the Companies ( Auditors report ) order, 2003 as amended by the companies (auditors report) (amended) 2004 issued by the Company law board, and on the basis of such checks as considered appropriate and according to the information and explanations given to me during the course of my audit, I report that:-

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. During the year the fixed assets have been physically verified by the management and there were no discrepancies.
- ii) No substantial part of the Fixed Assets has been disposed during the year.
- iii) The company has not purchased nor sold any raw material or finished goods during the year. Further the Company is not holding any stock of inventory at the year end. Hence the physical verification of inventories is not applicable.
- iv) The company has not maintained the records for inventory, as the company has not purchased nor sold any raw material or finished goods during the year. Further the Company is not holding any stock of inventory at the year end
- v) The Company has not taken any loans secured or unsecured from companies, firm or other parties listed in the register maintained under section 301 of the companies Act 1956.
- vi) The Company has not granted any loans, secured or unsecured to the companies, firms or other parties listed in the register maintained under section 301 of the Companies' Act 1956.
- vii) In my opinion and according to the information and explanations given to me, there are adequate internal control system commensurate with the size of the Company and nature of its business for the purchase fixed Assets, inventory and with regard to sale of goods and services. During the course of audit I have not noticed any evidence of continuing failures to correct major weaknesses in internal control.

**P.A.GHATAGE & CO**  
**Chartered Accountants**

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- viii) According to the information and explanations given to me, I am of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act.1956 have been entered in the register required to be maintained under the act.
- ix) In my opinion and according to the information and explanations given to me, the transactions made in pursuance of contract or arrangements entered in the register maintained under section 301 of the companies Act 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- x) The Company has not accepted deposits from the public during the year to which the provisions of section 58A and 58AA or any relevant provisions of the companies Act, 1956.
- xi) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, Income tax, service tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- xii) According to the information and explanations given to me, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty, service tax and cess were in arrears as at 31.03.2010 for a period of more than six months from the date they became payable.
- xiii) The Company is not having any accumulated losses nor the Company has incurred any cash loss for this year and in the immediately preceding financial year.
- xiv) In my opinion, the Company's present Internal Audit system is commensurate with the size and nature of its business.
- xv) The central government has not prescribed the maintenance of cost records by the companies under section 209(i)(d) of the companies act, 1956.
- xvi) According to the information and explanations given to me, there are no dues of income tax, wealth tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute
- xvii) The Company has not taken any loan from financial institutions and from banks and as such question of default in repayment does not arise. The Company has not issued any debentures at any point of time.
- xviii) The Company has not granted any loans/advances on the basis of security by way of shares, debenture etc. As such no records and documents have been maintained.

**P.A.GHATAGE & CO**  
**Chartered Accountants**

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- xix) In my opinion, the Company is not dealing or trading in shares, debentures and other investments and as such no records have been maintained. During the year Company has not made any investments.
- xx) I have been informed by the Company that it has not given any guarantee for any loans taken by the others from banks and financial institutions.
- xxi) The Company has not taken any term loans during this year and as such question of its application for the purpose for which it is taken does not arise.
- xxii) According to the information and explanations given to me, and on an overall examination of the balance sheet of the Company, I report that the Company has not used any funds raised on short term basis for long term investment.
- xxiii) According to the information and explanations given to me, the Company has not made any preferential allotment of shares to parties and companies covered in the registers maintained under section 301 of the act.
- xxiv) According to the information and explanations given to me, during the year covered by my report, the Company has not issued any debentures and therefore no securities or charges have been created.
- xxv) The Company has not raised any money by public issue and as such disclosure on the end use of money does not arise.
- xxvi) I have not noticed any fraud on or by the Company during the year.
- xxvii) The Company is not covered under special statutory provisions applicable to the chit fund, nidhi or mutual benefit societies.

PLACE : BANGALORE

DATED : May 24, 2010

**FOR P.A.GHATAGE & CO**

Firm Regn. No.000922S

**Chartered Accountant**



**P.A.Ghatage**

**Proprietor**

**(Membership No. 12153)**

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

**DEEJAY TRADING PRIVATE LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2010**

	Schedules	31-03-2010 Rs.	31-03-2009 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	I	200,000	200,000
Reserves and Surplus	II	10,564,332	9,528,539
<b>Loan Funds</b>			
Secured Loans	III	-	-
<b>Deferred Tax Liability (net)</b> [Refer Note C-10 of Schedule XV]		801,606	949,977
<b>Total</b>		<b>11,565,938</b>	<b>10,678,516</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets</b>			
Gross Block	IV	17,699,050	17,507,287
Less: Accumulated Depreciation		8,381,388	6,901,798
Net Block		9,317,662	10,605,489
Capital work-in-progress including capital advances		-	-
		<b>9,317,662</b>	<b>10,605,489</b>
<b>Investments</b>	V	<b>1,000</b>	<b>1,000</b>
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	VI	3,155,180	5,615,529
Cash and Bank Balances		7,037,035	1,062,041
Other Current Assets		-	-
Loans and Advances		13,919,103	11,650,175
		<b>24,111,318</b>	<b>18,327,745</b>
<b>Less: Current Liabilities and Provisions</b>	VII		
Current Liabilities		19,200,951	15,868,842
Provisions		2,663,092	2,386,876
		<b>21,864,043</b>	<b>18,255,718</b>
<b>Net Current Assets</b>		<b>2,247,276</b>	<b>72,027</b>
<b>Total</b>		<b>11,565,938</b>	<b>10,678,516</b>

**Notes to Accounts**

XIV

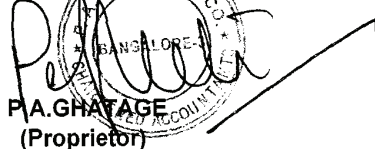
Schedules referred to above form an integral part of the Balance Sheet

**For P.A.Ghatage & Co**

**For DEEJAY TRADING PRIVATE LIMITED**

Firm Regn. No. 000922S

**Chartered Accountants**

  
P.A. GHATAGE  
(Proprietor)

(Director)

(Director)

(Membership No. 12153)

Place : Bangalore

Date : 24th May 2010

## DEEJAY TRADING PRIVATE LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2010

	Schedules	31-03-2010	31-03-2009
		Rs.	Rs.
<b><u>INCOME</u></b>			
Contract Receipts	VIII	147,169,540	144,996,998
Other Income	IX	13,979	198,115
		<b>147,183,519</b>	<b>145,195,113</b>
<b><u>EXPENDITURE</u></b>			
Other Manufacturing and Operating Expenses	X	6,976,183	6,144,068
Personnel Costs	XI	129,992,962	123,328,212
Selling and Administrative Expenses	XII	7,227,257	10,772,888
Finance Charges	XIII	8,550	49,629
Depreciation	IV	1,479,590	1,922,906
		<b>145,684,542</b>	<b>142,217,704</b>
<b>Profit Before Exceptional items</b>		<b>1,498,976</b>	<b>2,977,409</b>
Add/(Less): Exceptional items			
<b>Profit Before Tax</b>		<b>1,498,976</b>	<b>2,977,409</b>
Provision for Taxation			
-- Current Tax		611,555	1,170,883
-- Income tax of Earlier years		-	361,053
-- Deferred Tax charge / (credit)		(148,371)	881,208
-- Fringe Benefit Tax		-	27,892
<b>Net Profit for the Year</b>		<b>1,035,793</b>	<b>536,373</b>
Profit Brought Forward from Previous Year		1,509,330	972,957
<b>Amount available for Appropriation</b>		<b>2,545,123</b>	<b>1,509,330</b>
<b>Balance carried to Balance Sheet</b>		<b>2,545,123</b>	<b>1,509,330</b>

**Notes to Accounts**

XIV

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

For P.A. Ghatage & Co  
Firm Regn. No. 000922S  
Chartered Accountants

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

(Membership No. 12153)  
Place : Bangalore  
Date : 24th May 2010

For DEEJAY TRADING PRIVATE LIMITED

(Director)

(Director)

**DEEJAY TRADING PRIVATE LIMITED****SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS  
FOR THE PERIOD ENDED MARCH 31, 2010**

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**31.03.2010** **31.03.2009**

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**SCHEDULE I - SHARE CAPITAL****Authorized**

20,000 (2009:20,000) Equity Shares of Rs. 10 each -

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**200,000** **200,000**

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**Issued, Subscribed and Paid-up**

20,000 (2009:20,000) Equity Shares of Rs. 10 each fullu paid up

**200,000** **200,000**

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**200,000** **200,000**

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**SCHEDULE II - RESERVES AND SURPLUS****Capital Reserve (on amalgamation) as per last account****23,209** **23,209****Securities Premium Account**

Balance as per last account

**7,996,000** **7,996,000****General Reserve**

Balance as per last account

**-** **-****Profit and Loss Account****2,545,123** **1,509,330**

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**10,564,332** **9,528,539**

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**SCHEDULE III - SECURED LOANS****-** **-**

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**-** **-**

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**SCHEDULE V - INVESTMENTS****A. Long-term Investments [at cost] [unquoted]****In Government Securities [Non-trade]**

Indira Vikas Patra

**1,000** **1,000**

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**1,000** **1,000**

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**SCHEDULE VI - CURRENT ASSETS, LOANS AND ADVANCES**

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**-** **-**

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DEEJAY TRADING PRIVATE LIMITED  
 SCHEDULE -IV- FIXED ASSETS

Particulars	Gross Block			Depreciation			Net Block			
	As on 01.04.2009	Additions	Deletions	Total 31.03.2010	As on 01.04.2009	For the Year	Deletions	Total 31.03.2010	As on 31.03.2010	As on 01.04.2009
Building	3,685,733	-	-	3,685,733	1,318,960	236,677	-	1,555,637	2,130,095	2,366,772
Electrical Equipments	4,951,003	-	-	4,951,003	1,893,444	425,306	-	2,318,750	2,632,252	3,057,559
Office Equipments	390,868	124,673	-	515,541	162,427	40,721	-	203,148	312,393	228,442
Furniture & Fixtures	2,435,276	36,000	-	2,471,276	1,146,269	235,396	-	1,381,665	1,089,611	1,289,007
Plant & Machinery	6,017,363	31,090	-	6,048,453	2,359,959	539,835	-	2,899,794	3,148,660	3,657,405
Computer	1,756	-	-	1,756	1,597	64	-	1,661	96	159
Vehicles	25,288	-	-	25,288	19,143	1,591	-	20,734	4,555	6,146
	17,507,287	191,763	-	17,699,050	6,901,798	1,479,590	-	8,381,388	9,317,662	10,605,489
Previous Year	17,029,586	477,701		17,507,287	4,978,892	1,922,906		6,901,798	10,605,489	12,050,694



**Sundry Debtors**

[Unsecured, considered good]

Debts outstanding for a period exceeding six months	-	
--Others	-	
Due from Holding company	3,155,180	5,615,529

3,155,180	5,615,529
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**Cash and Bank Balances**

Cash on hand	1,592,071	839,276
Bank Balances with Scheduled Banks:		
-- in Current Accounts	5,444,963	222,765

7,037,035	1,062,041
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**Other Current Assets**

-	-
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**Loans and Advances**

[Unsecured, considered good]

Due from Subsidiaries	-	384,397
Advances recoverable in cash or kind or for value to be received	-	-
-- for Supplies and Services	154,500	239,677
-- to Staff	1,697,734	1,517,295
Security & other deposits	6,277,881	6,277,881
Advance Tax (net of provision)	5,788,988	3,230,925

13,919,103	11,650,175
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**SCHEDULE VII - CURRENT LIABILITIES AND PROVISIONS****Current Liabilities**

Sundry Creditors

-- Dues to Small Scale Industrial Undertakings	-	-
-- Dues to Micro and Small Enterprises [Refer Note C-14 to Schedule XV]	-	-
---- Others	18,490,035	15,470,967
Book Overdraft	325,974	249,014
Other Liabilities	384,941	148,861

19,200,951	15,868,842
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**Provisions**

Gratuity	960,144	818,568
Leave Benefits	1,702,948	1,568,308

2,663,092	2,386,876
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21,864,043	18,255,718
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**SCHEDULE VIII - Contract Receipts**

Job Work Income	<b>147,169,540</b>	144,996,998
	<b>147,169,540</b>	<b>144,996,998</b>

**SCHEDULE IX - OTHER INCOME**

Interest on Income Tax refund	-	165,445
Prior Period Income	-	32,670
Miscellaneous Income	<b>13,979</b>	-
	<b>13,979</b>	<b>198,115</b>

**SCHEDULE X - OTHER MANUFACTURING AND OPERATING EXPENSES**

Consumption of Consumables, Stores and Spares	<b>39,090</b>	46,472
Job Work Charges	<b>110,065</b>	21,816
Power and Fuel	<b>5,061,687</b>	4,991,208
Repairs and Maintenance - Plant and Machinery	<b>929,531</b>	699,402
Other Manufacturing Expenses	<b>835,809</b>	385,170
	<b>6,976,183</b>	<b>6,144,068</b>

**SCHEDULE XI - PERSONNEL COSTS**

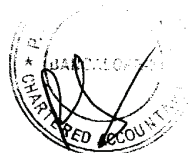
Salaries, Wages and Bonus	<b>114,955,636</b>	105,377,995
Contribution to Provident Fund and other Funds	<b>11,686,763</b>	11,986,568
Gratuity expense	<b>1,114,511</b>	1,031,376
Welfare Expenses	<b>2,236,052</b>	4,932,273
	<b>129,992,962</b>	<b>123,328,212</b>

**SCHEDULE XII - SELLING AND ADMINISTRATIVE EXPENSES**

Rent	<b>1,846,100</b>	4,785,490
Repairs and Maintenance		
-- Buildings	<b>891,087</b>	295,657
-- Others	<b>1,370,439</b>	1,842,654
Insurance	<b>65,027</b>	218,022
Rates and Taxes	<b>183,646</b>	90,649
Legal and Professional Charges	<b>527,543</b>	1,827,023
Printing and Stationery	<b>56,675</b>	53,309
Communication Costs	<b>94,783</b>	28,948
Travelling and Conveyance	<b>434,435</b>	420,842
Auditors' Remuneration [Refer Note C- 12 to Schedule XV]	<b>33,708</b>	33,708
Charity and Donation	<b>40,000</b>	45,000
Prior Period Expenses	<b>329,510</b>	
Miscellaneous Expenses	<b>1,354,304</b>	1,131,586
	<b>7,227,257</b>	<b>10,772,888</b>

**SCHEDULE XIII - FINANCE CHARGES**

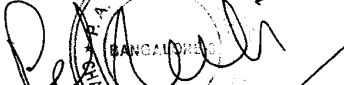
Bank Charges	<b>8,550</b>	49,629
	<b>8,550</b>	<b>49,629</b>



**DEEJAY TRADING PRIVATE LIMITED****Cash Flow Statement for the year ended 31st March 2010**

<b>Cash flow from Operating Activities</b>	31.03.2010	31.03.2009
	<b>Rs.</b>	<b>Rs.</b>
Net profit before taxation & Extraordinary items	1,498,976	2,944,739
Adjustment for:		
Depreciation	1,479,590	1,922,906
Preliminary Expenses W/O	-	4,152
Prior period Items	-	32,670
Operating profit before working Capital changes	2,978,567	4,904,467
Adjustment for:		
(Increase)/Decrease in sundry debtor	2,844,746	(3,251,060)
(Increase)/Decrease in Advances	(95,262)	(2,488,688)
(Increase)/Decrease in Security and other deposits	-	-
Increase/(Decrease) in current liabilities	3,332,109	2,205,595
Increase/(Decrease) in Provisions	276,216	-
<b>Cash generated from operations</b>	<b>9,336,375</b>	<b>1,370,314</b>
Taxes Paid :		
Current tax	(3,169,618)	(1,235,084)
Income tax of earlier years	-	(361,053)
Fringe benefit tax paid		
<b>Net Cash Flow fromm Operating Activities</b>	<b>A</b>	<b>(225,823)</b>
<b>Cash flow from Investing Activities</b>		
Purchase of fixed assets	191,763	(477,701)
Purchase of Investments	-	-
<b>Net Cash Flow from Investing Activities</b>	<b>B</b>	<b>(477,701)</b>
<b>Cash flow from Financing Activities</b>		
Proceeds from issue of Shares	-	-
Share Premium received	-	-
Capital Reserve on Business	-	-
(Repayment) or borrowings of unsecured loans	-	-
Preliminary & Preoperative expenses	-	-
<b>Net Cash flow from Financing Activities</b>	<b>C</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>A + B + C</b>	<b>(703,524)</b>
<b>Increase / (Decrease) in Cash And Cash Equivalents</b>		
Cash and Cash Equivalents as at the commencement of the year (Opening Balance)	1,062,041	1,765,565
Cash and Cash Equivalents as at the end of the year (Closing Balance)	7,037,035	1,062,041

For P.A.Ghatage & Co  
Firm Regn. No.000922S  
**Chartered Accountants**


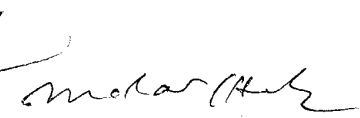
  
**P.A. GHATAGE**  
**(Proprietor)**

(Membership No.12153)

Place : Bangalore

Date : 24th May 2010

For and on behalf of the Board  
**For DEEJAY TRADING PRIVATE LIMITED**

   
**(Director)** **(Director)**

**DEEJAY TRADING PRIVATE LIMITED**

**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR  
ENDED MARCH 31, 2010**

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**SCHEDULE XIV - NOTES TO ACCOUNTS**

**A. Background**

Deejay Trading Private Limited (herein after referred to as "the Company") was incorporated on 21st February 2003. The Company took over all the assets and liabilities of M/s Wearcraft Apparels as a going concern on 1st July 2004. The Company became a subsidiary of Gokaldas Exports Limited (formerly known as Gokaldas India Private Limited) on 1st December 2004.

**B. Significant accounting policies**

**a) Basis of preparation of financial statements**

The financial statements have been prepared to comply in all material respects in respects with the notified accounting standards under Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous year.

**b) Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**c) Revenue recognition**

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

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

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

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

Dividend income on investments is accounted when the right to receive the dividend is established.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Insurance / other claims are recognized on acceptance basis.

**d) Fixed assets and depreciation**

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

Depreciation on fixed assets is provided on the written down value method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of addition.

Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower.

**e) Borrowing Costs**

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

**f) Impairment of assets**

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

**g) Inventories**

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost and net realizable value. 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.

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 except those arising from investments in non-integral operations.

**i) Government Grants**

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

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

**j) Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

**k) Employee benefits**

**Defined Contribution Plans:**

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

**Defined Benefit Plans:**

Gratuity liability is accrued in the books based on actuarial valuation on projected unit credit method as at Balance Sheet date. Actuarial gains or losses are recognized immediately in the Profit and Loss Account.

**Other Employee Benefits:**

Compensated absences are provided for, on the basis of an actuarial valuation on projected unit credit method at the end of each financial year. Actuarial loss / gain are immediately taken to profit and loss account and are not deferred.

## **l) Taxation**

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, deferred tax asset is recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

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

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

## **m) Accounting for leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

## **n) Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

## **o) Segment Reporting Policies**

### **Identification of segments:**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit

that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

**Basis of allocation:**

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

**Segment Policies:**

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

**p) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**q) Cash and Cash equivalents**

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

**C. Notes to Account**

**1. Contingent liabilities**

(Amount in Rs.)

Particulars	2010	2009
Claims against the Company not acknowledged as debts	Nil	Nil
Guarantees given by banks	Nil	Nil
Outstanding letters of credit	Nil	Nil
Export Bills discounted with banks	Nil	Nil
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	Nil	Nil

Note: Certain industrial disputes are pending before various judicial authorities for which amounts are not ascertainable.

**2. Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Net employee benefit expense (in Profit and Loss Account)

	(Amount in Rs)	
	<b>2010</b>	<b>2009</b>
Current Service Cost	1,204,239	1,125,056
Interest cost on benefit obligation	90,639	57,279
Expected Return on Plan Assets	(64,0710)	(32,686)
Actuarial gain/(loss)	(116,296)	(118,273)
<b>Net benefit expense</b>	<b>1,114,511</b>	<b>1,031,376</b>
<b>Actual return on plan asset</b>		

Details of Provision for gratuity (in Balance Sheet)

	(Amount in Rs)	
	<b>2010</b>	<b>2009</b>
Defined benefit obligation	1,944,572	1,512,307
Fair value of plan asset	984,428	693,739
<b>Plan liability</b>	<b>(960,1440)</b>	<b>(818,568)</b>

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

	(Amount in Rs)	
	<b>2010</b>	<b>2009</b>
Opening defined benefit obligation	1,512,307	1,186,655
Current Service Cost	1,204,239	1,125,056
Interest Cost	90,639	57,279
Benefits Paid	(758,643)	(736,755)
Actuarial (gain)/loss	(103,970)	(119,928)
<b>Closing defined benefit obligation</b>	<b>1,944,572</b>	<b>1,512,307</b>

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

	(Amount in Rs)	
	<b>2010</b>	<b>2009</b>
Opening fair value of plan asset	693,739	154,441
Expected return	64,071	32,686
Actuarial gain/(loss)	12,326	(1,655)
Contributions by employer	972,935	508,267
Benefits Paid	(758,643)	0
<b>Closing fair value of plan asset</b>	<b>984,428</b>	<b>693,739</b>

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

Interest Rate	8%	7%
Discount Factor	8%	7%
Estimated Rate of return on Plan Assets	8%	8%
Attrition Rate	35%	35%
Rate of escalation in Salary per annum	5%	5%
Retirement Age	58	58

The Company expects to contribute Rs. 960,000 to gratuity in 2010-11.  
The major categories of plan asset as a percentage of the fair value of total plan asset are as follows:

	%	
	2010	2009
Investments with insurer	100	100

Notes:

- The estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

### 3. Segment information

- 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.

- Secondary business segment (by geographical area based on location of customers):  
(Amount in Rs)

Geographical Segment	Revenues	Carrying amount of segment assets (Debtors)
In India	147,169,540 (144,996,998)	3,155,180 (5,615,529)
Outside India		
<b>Total</b>	<b>147,169,540</b> <b>(144,996,998)</b>	<b>3,155,180</b> <b>(5,615,529)</b>

Note:

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

### 4. Related party disclosures

- Names of related parties and description of relationship:

Ref	Description of Relationship	Names of related parties
a.	<i>Parties where control exists:</i>	
(i)	Immediate Holding Company	Gokaldas Exports Limited
(iii)	Wholly Owned Subsidiaries	All Colour Garments Private Limited Deejay Trading Private Limited Glamourwear Apparels Private Limited Madhin Trading Private Limited Magenta Trading Private Limited Rafter Trading Private Limited Rajdin Apparels Private Limited Reflexion Trading Private Limited Rishikesh Apparels Private Limited Robot Systems Private Limited

		Seven Hills Clothing Private Limited
		SNS Clothing Private Limited
		Vignesh Apparels Private Limited
b.	<i>Key management personnel:</i>	
(i)	Director	Mr. Madanlal J Hinduja
(ii)	Director	Mr. Rajendra J Hinduja
(iii)	Director	Mr. Dinesh J Hinduja
c.	<i>Enterprises over which key management personnel and their relatives exercise significant influence with whom transactions have taken place during the year:</i>	
(ii)	Private Limited Companies	Dazzle Trading Private Limited

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

(Amount in Rs)

Nature of transactions	Holding Company	Fellow Subsidiaries	Others	Total
	A(a)	A(a)	A(c)	
<b>Income</b>				
Job work charges	147,169,540 (144,966,098)			147,169,540 <b>(144,966,098)</b>
<b>Expenses</b>				
Rent expense			466,100 (3,405,490)	<b>466,100</b> <b>(3,405,490)</b>
Rent deposit paid			Nil (3,080,000)	Nil (3,080,000)
<b>Balances outstanding as at March 31, 2009</b>				
-- Credit balances		(Nil)		
-- Debit balances	3,155,180 (5,615,529)	Nil (384,397)	4,980,000 (4,980,000)	<b>3,155,180</b> <b>(10,979,926)</b>

Figures in brackets relate to previous year.

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

(Amount in Rs)

	2010	2009
<b>Rent Expense</b>		
Dazzle Trading Private Limited	466,100	3,405,490
<b>Sundry Debtors</b>		
Rishikesh Apparels Private Limited		384,397
<b>Rent deposit paid</b>		
Dazzle Trading Private Limited		3,080,000
<b>Rent Deposit</b>		
Dazzle Trading Private Limited	4,980,000	4,980,000

#### 5. Leasing Arrangements:

The Company's leasing arrangements in respect of its office, factory and residential premises are in the nature of operating leases. These leasing arrangements are usually cancellable at the option of the lessee any time.

#### 6. Earnings per share

(Amount in Rs)

Particulars	2010	2009
Net profit for the year as per profit and loss account before exceptional items	10,35,793	536,373
Net profit for the year as per profit and loss account after exceptional items	10,35,793	536,373
Weighted average number of equity shares (Nos.)	20,000	20,000
Nominal value per share	10	10
Earnings per share – Basic and diluted	51.79	26.82
Before exceptional items		
After exceptional items		

#### 7. Deferred taxes - Components

(Amount in Rs)

Particulars	As at March 31, 2009	Current year (charge)/credit	As at March 31, 2010
Difference between book and tax base of fixed assets	(949,977)	148,371	(801,606)
Retirement benefits allowed on payment basis accrued in books	0		
<b>Total</b>	<b>(949977)</b>	<b>148,371</b>	<b>(801,606)</b>

#### 8. Remuneration to directors

(Amount in Rs)

Particulars	2010	2009
Salaries	Nil	Nil

#### 9. Auditors' remuneration\*

(Amount in Rs)

Particulars	2010	2009
Audit fees	30,000	30,000
Taxation matters		
	<b>30,000</b>	<b>30,000</b>

\* Excluding service tax

10. a) Licensed, installed capacities and production

Particulars	Unit	2010	2009
<i>Licensed capacity</i>			
Readymade garments	Pcs	Not Applicable	Not Applicable
<i>Installed capacity</i>			
Readymade garments		Refer note below	
<i>Production</i>			
Readymade garments - Own production - Through Job workers	Pcs		

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

b) CIF value of imports

Current Year : Nil Previous Period : Nil

c) Expenditure in foreign currency on accrual basis

Current Year : Nil Previous Period : Nil

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

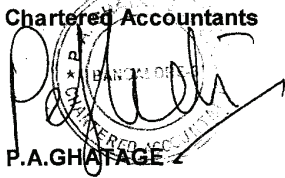
Particulars	2010		2009	
	Amount (Rs)	%	Amount (Rs)	%
<i>Raw Materials</i>				
Imported	Not Applicable		Not Applicable	
Indigenous				
<i>Consumables, Stores and Spares</i>				
Imported	Not Applicable		Not Applicable	
Indigenous				

**e) Earnings in foreign currency**

Current Year : Nil      Previous Period : Nil

11. Based on the information available with the company, there are no suppliers who are registered as micro, small or medium enterprises under the Micro, Small or Medium Enterprises Development Act 2006.
12. Previous year's figures have been regrouped/rearranged/reclassified, wherever necessary to conform to the current year's presentation.

**for P.A.GHATAGE & Co.**  
**Firm Regn. No.000922S**  
**Chartered Accountants**



A circular stamp of the Chartered Accountants of India is visible behind the signature. The stamp contains the text 'THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA' and 'BANGALORE'.

**P.A.GHATAGE**

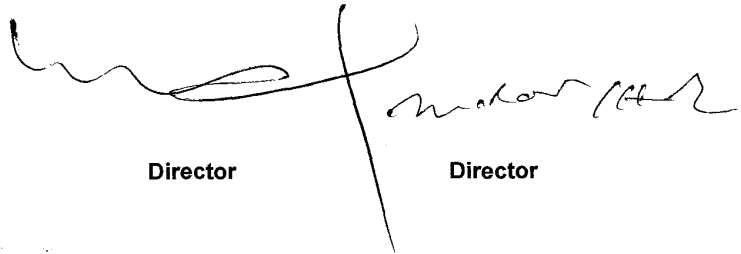
**(Proprietor)**

(Membership No.12153)

Place : Bangalore

Date : May 24, 2010

**For Deejay Trading Private Limited**



A handwritten signature in black ink, appearing to be 'M. K. ...', is written over the text 'Director'.

**Director**

**Director**



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

Turnover (Total income)								Total Expenditure											
				1	4	7	1	8	4					1	4	5	6	8	5
+ - Profit/(Loss) Before Tax								+ - Profit/(Loss) After Tax											
<input checked="" type="checkbox"/>	<input type="checkbox"/>					1	4	9	9	<input checked="" type="checkbox"/>	<input type="checkbox"/>					1	0	3	6

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

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

		5	1	.	7	9
--	--	---	---	---	---	---

Dividend Rate %

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

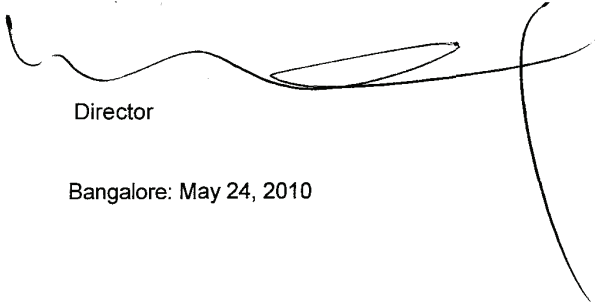

Product Description

NOT APPLICABLE

For and on behalf of the Board



Director



Director

Bangalore: May 24, 2010