

Madhin Trading Private Limited

**Annual Report
2009-10**

Board of Directors

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

Registered Office:

70, Mission Road
Bangalore-560027.

Auditors

M/s V M Pal & Co.
Chartered Accountants
"Vasundhara"
127, 2nd Floor, 10th Cross
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 31st March 2010.

1. Financial Results and Operations:

The company commenced operations during the year and it primarily derived its income from the holding company, viz., Gokaldas Exports Limited by way of Job Work charges, etc and the financial results for the period ended 31st March 2010 are given below:

Particulars	(Rupees)	
	31.03.2010	31.03.2009
Total Income	60,75,654	8,42,75,152
Expenditure	80,38,215	8,29,28,523
Profit Before Tax	(19,62,561)	13,46,629
Taxation	4,78,754	4,42,179
Profit After Tax	(14,83,807)	7,10,368
Balance Carried Forward	1,32,290	16,16,097

2. Performance:

During the year the company posted a turnover of Rs 60.75 lakhs and loss before tax and after tax of Rs 19.62 lakhs and 14.84 lakhs respectively.

3. Auditors:

The present auditors M/s. V M Pal & 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. Disclosure under the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988:

Not applicable.

6. Particulars of Employees:

The particulars of employees whose remuneration is Rs. 2.00 lakhs per month Rs. 24.00 lakhs per annum as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 does not apply to this company as it has no employees who are in receipt of the said remuneration.

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 judgements 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 **MADHIN 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 on August 30, 2010 at 11:00 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 V M Pal & 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 MADHIN TRADING PRIVATE LIMITED

We have audited the attached Balance Sheet of **MADHIN 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. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Further, we report that,

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

In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of 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 our 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, we report that none of the directors is disqualified as on 31st 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 our opinion, and to the best of our information and according to the explanations given to us, the said accounts, together with and subject to notes annexed thereto, give the information required, and give a true and fair view:

"Vasundhara", No 127, 2nd Floor, 10th Cross, Margosa Road, Bangalore – 560 003.
Ph : 2356 3948



- a. In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2010,
- b. In the case of Profit and Loss account, of the Loss 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.

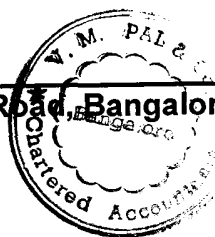
As required by the Companies (Auditors report) order, 2003 as amended by the companies (auditors report) (amended) 2004 issued by the Company law board, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of our audit, we 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 our opinion and according to the information and explanations given to us, 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 we have not noticed any evidence of continuing failures to correct major weaknesses in internal control.



V. M. PAL & CO.,
Chartered Accountants

- viii) According to the information and explanations given to us, we are 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 our opinion and according to the information and explanations given to us, 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 us, 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 has the Company incurred any cash loss for this year and in the immediately preceding financial year.
- xiv) In our 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 us, 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.

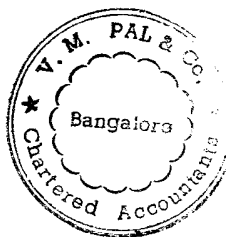


V. M. PAL & CO.,
Chartered Accountants

- xix) In our 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) We 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 us, and on an overall examination of the balance sheet of the Company, we 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 us, 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 us, during the year covered by our 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) We 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 V. M. PAL & CO.,
Firm Regn. No. 09075S
Chartered Accountants


A. V. PAL
Partner.
(Membership No: 37316)

MADHIN TRADING PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

	Schedules	31-03-2010	31-03-2009
		Rs.	Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	I	200,000	200,000
Reserves and Surplus	II	6,529,278	8,013,085
Loan Funds			
Secured Loans	III	-	-
Total		6,729,278	8,213,085
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	IV	9,090,987	7,917,513
Less: Accumulated Depreciation		6,164,149	4,159,097
Net Block		2,926,838	3,758,416
Capital work-in-progress including capital advances		-	-
		2,926,838	3,758,416
Investments	V	1,000	1,000
Deferred Tax Asset		965,813	359,380
Current Assets, Loans and Advances			
Sundry Debtors	VI	-	-
Cash and Bank Balances		781,974	494,833
Other Current Assets		-	-
Loans and Advances		6,382,023	10,803,582
		7,163,997	11,298,415
Less: Current Liabilities and Provisions			
Current Liabilities	VII	4,322,710	7,049,380
Provisions		5,660	154,747
		4,328,370	7,204,127
Net Current Assets		2,835,627	4,094,289
Total		6,729,278	8,213,085

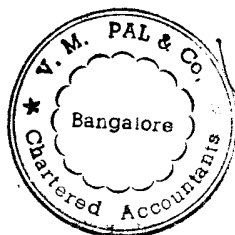
Notes to Accounts

XV

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

For V. M. PAL & Co.,
Firm Regn. No. 09075S
Chartered Accountants

A. V. PAL
Partner
(Membership No.37316)
Place : Bangalore
Date : 24.05.2010



For MADHIN TRADING PRIVATE LIMITED

Director

Director

MADHIN TRADING PRIVATE LIMITED

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

	Schedules	31-03-2010	31-03-2009
		Rs.	Rs.
INCOME			
Sales	VIII	-	1,282,477
Contract Receipts	IX	4,789,170	82,992,675
Other Income	X	1,286,484	-
		6,075,654	84,275,152
EXPENDITURE			
Other Manufacturing and Operating Expenses	XI	481,513	5,638,385
Personnel Costs	XII	4,226,393	66,511,590
Selling and Administrative Expenses	XIII	1,320,777	9,422,164
Finance Charges	XIV	4,485	41,645
Depreciation	IV	2,005,047	1,508,820
		8,038,215	83,122,604
Profit Before Exceptional items		(1,962,561)	1,152,547
Add/(Less): Exceptional items			
Profit Before Tax		(1,962,561)	1,152,547
Provision for Taxation			
-- Current Tax		-	693,309
-- Income tax of Earlier years		127,679	(254,735)
-- Deferred Tax charge / (credit)		(606,433)	(10,083)
-- Fringe Benefit Tax		-	13,688
Net Profit for the Year		(1,483,807)	710,368
Profit Brought Forward from Previous Year		1,616,097	905,729
		132,290	1,616,097
Balance carried to Balance Sheet		132,290	1,616,097

Notes to Accounts

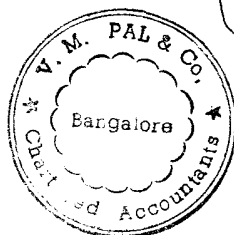
XV

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

For V. M. PAL & Co.,
Firm Regn. No. 09075S
Chartered Accountants

For MADHIN TRADING PRIVATE LIMITED

A. V. PAL
Partner
(Membership No.37316)
Place : Bangalore
Date : 24.05.2010



Director

Director

MADHIN TRADING PRIVATE LIMITED**SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE PERIOD ENDED MARCH 31, 2010****31.03.2010****31.03.2009****SCHEDULE I - SHARE CAPITAL****Authorized**

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

200,000

200,000

Issued, Subscribed and Paid-up

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

200,000

200,000

200,000**200,000****SCHEDULE II - RESERVES AND SURPLUS****Capital Reserve (on amalgamation) as per last account**

10,988

10,988

Securities Premium Account

Balance as per last account

6,386,000

6,386,000

General Reserve

Balance as per last account

-

-

Profit and Loss Account

132,290

1,616,097.

6,529,278**8,013,085****SCHEDULE III - SECURED LOANS****SCHEDULE V - INVESTMENTS****A. Long-term Investments [at cost] [unquoted]****In Government Securities [Non-trade]**

Indira Vikas Patra

1,000

1,000

1,000**1,000****SCHEDULE VI - CURRENT ASSETS, LOANS AND ADVANCES****Cash and Bank Balances**

Cash on hand

138,983

155,679

Bank Balances with Scheduled Banks:

-- in Current Accounts

642,991

339,154

781,974**494,833**

Other Current Assets**Loans and Advances**

[Unsecured, considered good]

Due from Subsidiaries	-	150,000
Advances recoverable in cash or kind or for value to be received	-	-
-- for Supplies and Services	333,490	213,869
-- to Staff	155,000	84,585
--- others	480,524	319,150
Security & other deposits	507,265	5,093,541
Advance Tax (net of provision)	4,905,744	4,942,438
	6,382,023	10,803,582

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

Due to Holding company

Book Overdraft

Other Liabilities

	-	-
	-	-
	2,547,413	1,650,892
	1,636,076	1,062,325
	65,998	154,268
	73,223	4,181,895
	4,322,710	7,049,380

Provisions

Leave Benefits

	5,660	154,747
	5,660	154,747
	4,328,370	7,204,127

SCHEDULE VIII - SALES

Domestic

	-	1,282,477
	-	1,282,477

SCHEDULE IX - Contract Receipts

Job Work Income

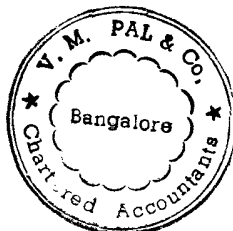
	4,789,170	82,992,675
	4,789,170	82,992,675

SCHEDULE X - OTHER INCOME

Prior Period Income

Miscellaneous Income

	1,285,662	-
	822	-
	1,286,484	-



SCHEDULE XI - OTHER MANUFACTURING AND OPERATING EXPENSES

Consumption of Consumables, Stores and Spares	-	1,282,477
Power and Fuel	177,234	3,445,288
Repairs and Maintenance - Plant and Machinery	139,113	695,645
Other Manufacturing Expenses	165,166	214,975
	481,513	5,638,385

SCHEDULE XII - PERSONNEL COSTS

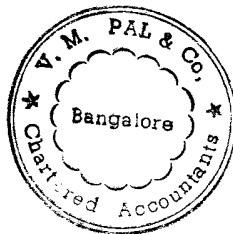
Salaries, Wages and Bonus	3,573,304	58,318,343
Contribution to Provident Fund and other Funds	412,248	7,293,120
Gratuity expense	193,688	(635,422)
Welfare Expenses	47,153	1,535,549
	4,226,393	66,511,590

SCHEDULE XIII - SELLING AND ADMINISTRATIVE EXPENSES

Rent	316,001	7,285,030
Repairs and Maintenance		
-- Buildings	120,470	18,550
-- Others	302,679	250,706
Insurance	-	81,862
Rates and Taxes	46,759	339,896
Legal and Professional Charges	147,093	224,543
Printing and Stationery	10,234	10,543
Communication Costs	-	104,394
Travelling and Conveyance	75,789	116,201
Auditors' Remuneration [Refer Note C- 12 to Schedule XV]	44,120	44,120
Prior Period Expenses	52,500	194,082
Miscellaneous Expenses	205,132	752,237
	1,320,777	9,422,164

SCHEDULE XIV - FINANCE CHARGES

Bank Charges	4,485	41,645
	4,485	41,645



MADHIN TRADING PRIVATE LIMITED

Schedule - IV - FIXED ASSETS :

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	AS AT 01.04.2009	ADDITIONS	DELETIONS/ ADJUSTMENTS	AS AT 31.03.2010	AS AT 01.04.2009	FOR THE PERIOD	DELETIONS/ ADJUSTMENTS	AS AT 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
Building	427,874	-	-	427,874	101,638	326,236		427,874	-	326,236
Electrical Equipments	2,070,445	573,000	-	2,643,445	901,633	386,546		1,288,178	1,355,267	1,168,813
Office Equipments	101,548	-	-	101,548	35,466	9,192		44,658	56,890	66,083
Furniture & Fixtures	3,149,291	502,031	-	3,651,322	2,246,610	739,346		2,985,956	665,367	902,682
Plant & Machinery	1,332,248	98,443	-	1,430,691	521,298	461,007		982,305	448,386	810,950
Computer	84,009	-	-	84,009	24,812	23,679		48,491	35,518	59,197
Vehicles	-	-	-	-	-	-		-	-	-
Factory Equipments	752,097	-	-	752,097	327,647	59,041		386,688	365,409	424,450
	7,917,513	1,173,474	-	9,090,987	4,159,102	2,005,047	-	6,164,149	2,926,838	3,758,411
Previous Year	6,790,233	1,127,280		7,917,513	2,650,280	1,508,816		4,159,097	3,758,411	4,139,952



MADHIN TRADING PRIVATE LIMITED

Cash Flow Statement for the year ended 31st March 2010

Cash flow from Operating Activities	31.03.2010	31.03.2009
	Rs.	Rs.
Net profit before taxation & Extraordinary items	(1,962,561)	1,346,629
Adjustment for:		
Depreciation	2,005,047	1,508,820
Adjustment for:		
(Increase)/Decrease in sundry debtor	-	3,684,410
(Increase)/Decrease in Advances	(201,410)	719,580
(Increase)/Decrease in inventories	-	1,282,477
(Increase)/Decrease in Security and other deposits	4,586,276	-
Increase/(Decrease) in current liabilities	(2,726,665)	(5,469,634)
Increase/(Decrease) in Provisions	(149,087)	-
Cash generated from operations	1,551,600	2,882,352
Taxes Paid :		
Current tax	36,694	(2,183,211)
Income tax of earlier years	(127,679)	254,735
Fringe benefit tax paid		
Net Cash Flow fromm Operating Activities	A 1,460,615	953,876
Cash flow from Investing Activities		
Purchase of fixed assets	(1,173,474)	(1,127,279)
Purchase of Investments	-	-
Net Cash Flow from Investing Activities	B (1,173,474)	(1,127,279)
Cash flow from Financing Activities		
Proceeds from issue of Shares	-	-
Share Premium received	-	-
Capital Reserve on Business	-	-
(Repayment) or borrowings of unsecured loans	-	-
Net Cash flow from Financing Activities	C -	-
Net Increase / (Decrease) in Cash and Cash Equivalents	A + B + C 287,141	(173,403)
Increase / (Decrease) in Cash And Cash Equivalents		
Cash and Cash Equivalents as at the commencement of the year (Opening Balance)	494,833	668,236
Cash and Cash Equivalents as at the end of the year (Closing Balance)	781,974	494,833

For V. M. PAL & Co.,
Firm Regn. No. 09075S
Chartered Accountants

A. V. PAL
Partner
(Membership No. 37316)
Place : Bangalore
Date : 24.05.2010



For MADHIN TRADING PRIVATE LIMITED

Director

Director

MADHIN TRADING PRIVATE LIMITED

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

SCHEDULE XV - NOTES TO ACCOUNTS

A. Background

Madhin Trading Private Limited (herein after referred to as "the Company") was incorporated on 27th February 2003. The Company took over all the assets and liabilities of M/s Carnival Clothing Company as a going concern on 1st July 2004. The Company became a subsidiary of Gokaldas Exports 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.

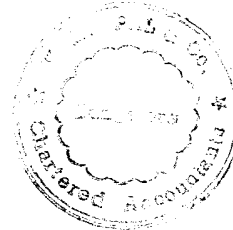
C. Notes to Account

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)

	2010	2009
Current Service Cost	451,598	343,269
Interest cost on benefit obligation	(10,955)	45,345
Expected Return on Plan Assets	(18,124)	(16,987)
Actuarial gain/(loss)	(4,975)	(740,400)
Net benefit expense	417,544	(368,773)
Actual return on plan asset		

Details of Provision for gratuity (in Balance Sheet)

(Amount in Rs)

	2010	2009
Defined benefit obligation	5,673	157,287
Fair value of plan asset.	48,466	423,936
Plan liability	42,793	266,649

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

(Amount in Rs)

	2010	2009
Opening defined benefit obligation	157,287	788,869
Current Service Cost	451,598	343,269
Interest Cost	(10,955)	45,345
Benefits Paid	(588,461)	(282,157)
Actuarial (gain)/loss	(3,796)	(738,039)
Closing defined benefit obligation	5,673	157,287

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

(Amount in Rs)

	2010	2009
Opening fair value of plan asset	423,936	20,096
Expected return	18,124	16,987
Actuarial gain/(loss)	1,179	2,361
Contributions by employer	193,688	384,492
Benefits Paid	(588,461)	0
Closing fair value of plan asset	48,466	423,936

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 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

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):

Geographical Segment	(Amount in Rs)	
	Revenues	Carrying amount of segment assets (Debtors)
In India	4,789,170 (84,275,152)	NIL (NIL)
Outside India		
Total	4,789,170 (84,275,152)	NIL (NIL)

Note:

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

4. Related party disclosures

A. 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	Deejay Trading Private Limited
		Glamourwear Apparels Private Limited
		Rajdin apparels Private Limited
		Magenta Trading Private Limited
		Rafter Trading Private Limited
		Rishikesh Apparels Private Limited
		Reflexion Trading Private Limited
		All colour garments 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>	
(i)	Private Limited Companies	NIL
(ii)	Partnership firms	NIL

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)

Figures in brackets relate to previous year.

Nature of transactions	Holding Company	Fellow Subsidiaries	Others	Total
	A(a)	A(a)	A(c)	
Income				
Job work charges	4,789,170 (82,992,675)			4,789,170 (82,992,675)
Accessories Sales	Nil (1,282,477)			Nil (1,282,477)
Expenses				
Expense Reimbursement	1,485,240 (Nil)			1,485,240 (Nil)
Balances outstanding as at March 31, 2010				
-- Credit balances	1,636,076 (1,062,326)			1,636,076 (1,062,326)
-- Debit balances	Nil (Nil)	Nil (150,000)		Nil (150,000)

Disclosure for transactions that exceed 10% of total value of each class of transactions:
(Amount in Rs)

	2010	2009
Expense Reimbursement		
Gokaldas Exports Limited	1,485,240	-
Debit balances to fellow subsidiaries		
SNS Clothing Private Limited	-	
Seven Hills Clothing Pvt. Ltd		150,000



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	(1,483,807)	710,368
Net profit for the year as per profit and loss account after exceptional items	(1,483,807)	710,368
Weighted average number of equity shares (Nos.)	20,000	20,000
Nominal value per share	10	10
Earnings per share – Basic and diluted	(74.19)	35.52
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	359,380	340,231	699,611
C Relating to Loss carried forward	0	266,202	266,202
Total	359,380	606,433	965,813

8. Remuneration to directors

(Amount in Rs)

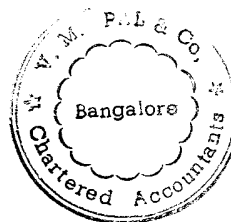
Particulars	2010	2009
Salaries	Nil	Nil

9. Auditors' remuneration*

(Amount in Rs)

Particulars	2010	2009
Audit fees	40,000	40,000
Taxation matters		
	40,000	40,000

* 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

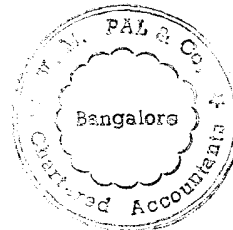
Current Year : Nil Previous Period : Nil

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

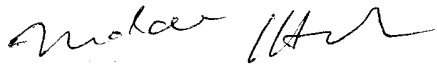
Current Year : Nil Previous Period : Nil



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.

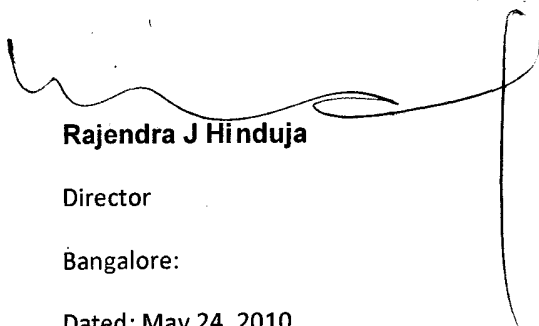
Signatures to schedules I to XV

For and on behalf of the Board



Madanlal J Hinduja

Director

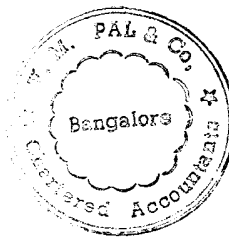


Rajendra J Hinduja
Director
Bangalore:
Dated: May 24, 2010

For V.M.Pal & Co.

Firm Regn. No.09075S

Chartered Accountants



A.V.Pal

(Partner)

(Membership No.37316)

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

Turnover (Total income)						Total Expenditure					
				6	0					8	0
				7	6					3	8
+ - Profit/(Loss) Before Tax						+ - Profit/(Loss) After Tax					
	-			(1	9		-			(1	4
				6	2)					8	4)

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

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

N I L

Dividend Rate %

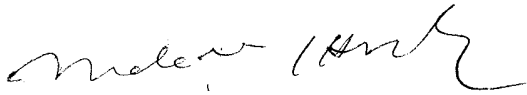
N I L

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

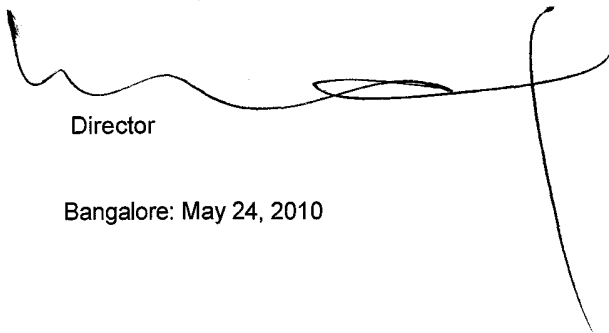
Product Description

NOT APPLICABLE

For and on behalf of the Board



Director



Director

Bangalore: May 24, 2010