

SNS Clothing 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 Girish, Murthy & Kumar.
Chartered Accountants
4502, High Point IV
45, Palace Road
Bangalore - 560001

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:

The company primarily derives its income from retail sale through its outlets "The Wearhouse" and Job Work charges, etc., and the financial results for the period ended 31st March 2010 are furnished below:

	(Rupees)	
Particulars	31.03.2010	31.03.2009
Total Income	7,03,50,123	10,59,86,891
Expenditure	7,73,07,040	11,17,21,571
Profit Before Tax	(69,56,917)	(57,34,680)
Taxation	58,044	13,83,855
Profit After Tax	(70,14,961)	(43,50,825)
Balance Carried Forward	(1,12,37,374)	(42,22,413)

2. Performance:

During the year the company posted a turnover of Rs 7.03 crores and loss before tax and after tax of Rs 69.57lakhs and 70.15 lakhs respectively.

3. Auditors:

M/s. Girish, Murthy & Kumar, 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 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 **SNS CLOTHING 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 3:00 PM 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 Girish, Murthy & Kumar, 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 SNS CLOTHING PRIVATE LIMITED

We have audited the attached Balance Sheet of **SNS CLOTHING 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 the 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.

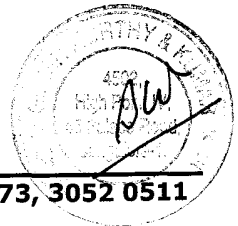
In our opinion, proper books of account, as required by law have been kept by the Company, so far as appears from our examination of the books.

The said Balance Sheet, 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, 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: .

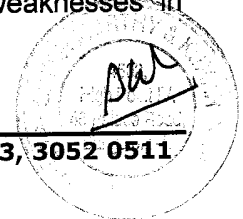


**GIRISH
MURTHY & KUMAR
Chartered Accountants**

- 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.

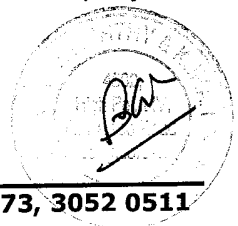
As required by the Companies (Auditors report) order, 2003 as amended by the companies (auditors report) (amended) 2004 issued by the Company law board, and on the basis of such checks as considered appropriate and according to the information and explanations given to us during the course of our audit, 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 inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- iv) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- vi) 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.
- vii) 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.
- viii) 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.



**GIRISH
MURTHY & KUMAR
Chartered Accountants**

- ix) 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.
- x) 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.
- xi) 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.
- xii) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, Income tax, service tax, sales tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- xiii) 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.
- xiv) 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.
- xv) The accumulated loss of the company at the end of the financial year is Rs.11,237,374 and has incurred a cash loss of Rs. 5,840,286 during the year. Further the company has incurred a cash loss of Rs. 2,384,708 in the immediately preceding financial year.
- xvi) In our opinion, the Company's present Internal Audit system is commensurate with the size and nature of its business.
- xvii) The central government has not prescribed the maintenance of cost records by the companies under section 209(i)(d) of the companies act, 1956.
- xviii) 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.



**GIRISH
MURTHY & KUMAR
Chartered Accountants**

- xix) 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.
- xx) 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.
- xxi) According to the information and explanations given to us, the Company has given guarantee for a loan taken by the Holding Company from banks. However in our opinion, the terms and conditions of the guarantee are not prejudicial to the interests of the Company.
- xxii) 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.
- xxiii) 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.
- xxiv) 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.
- xxv) 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.
- xxvi) The Company has not raised any money by public issue and as such disclosure on the end use of money does not arise.
- xxvii) We have not noticed any fraud on or by the Company during the year.
- xxviii) The Company is not covered under special statutory provisions applicable to the chit fund, nidhi or mutual benefit societies.

PLACE : BANGALORE

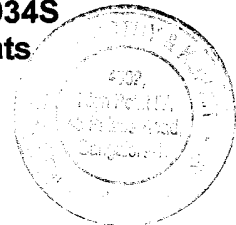
DATED : May 24, 2010

**FOR GIRISH MURTHY & KUMAR
Firm Regn. No. 000934S
Chartered Accountants**



**GIRISH RAO .B
Partner**

(Membership No. 85745)



SNS CLOTHING PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

	Schedules	31-03-2010	31-03-2009
		Rs.	Rs.
<u>SOURCES OF FUNDS</u>			
Shareholders' Funds			
Share Capital	I	200,000	200,000
Reserves and Surplus	II	166,384,327	173,399,291
Loan Funds			
Secured Loans	III	-	-
Total		166,584,327	173,599,291
<u>APPLICATION OF FUNDS</u>			
Fixed Assets			
Gross Block	IV	22,184,243	22,488,900
Less: Accumulated Depreciation		12,499,259	11,021,910
Net Block		9,684,984	11,466,990
Capital work-in-progress including capital advances		414,014	-
		10,098,998	11,466,990
Investments	V	2,000	2,000
Deferred Tax Asset		2,714,783	2,195,743
Current Assets, Loans and Advances			
Inventories	VI	13,626,762	22,509,808
Sundry Debtors		134,876,053	129,001,257
Cash and Bank Balances		1,898,976	4,395,422
Other Current Assets		-	-
Loans and Advances		8,267,145	8,657,548
		158,668,936	164,564,035
Less: Current Liabilities and Provisions			
Current Liabilities	VII	3,881,024	3,966,779
Provisions		1,019,366	662,698
		4,900,390	4,629,477
Net Current Assets		153,768,546	159,934,558
Total		166,584,327	173,599,291

Notes to Accounts

XVI

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

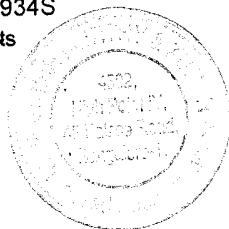
For GIRISH MURTHY & KUMAR
Firm Regn. No: 000934S
Chartered Accountants

GIRISH RAO.B
Partner.

M.No. 85745

Place : Bangalore

Date : 24th May 2010



For SNS CLOTHING PRIVATE LIMITED

Director

Director

(Handwritten signatures of two directors)

SNS CLOTHING PRIVATE LIMITED

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

	Sch.	31-03-2010	31-03-2009
		Rs.	Rs.
<u>INCOME</u>			
Sales	VIII	69,913,954	87,577,562
Contract Receipts	IX	-	18,397,135
Other Income	X	436,169	12,194
		70,350,123	105,986,891
<u>EXPENDITURE</u>			
Purchase of finished Goods		42,177,987	71,770,973
Variation in stock		8,317,381	(5,587,904)
Raw Material Consumed	XI	2,738,070	2,148,026
Other Manufacturing and Operating Expenses	XII	1,186,115	2,261,008
Personnel Costs	XIII	9,805,148	24,735,341
Selling and Administrative Expenses	XIV	10,609,855	13,922,870
Finance Charges	XV	778,770	493,771
Depreciation	IV	1,693,714	1,977,486
		77,307,040	111,721,571
Profit Before Exceptional items		(6,956,917)	(5,734,680)
Add/(Less): Exceptional items			
Profit Before Tax		(6,956,917)	(5,734,680)
Provision for Taxation			
-- Current Tax		-	-
-- Income tax of Earlier years		577,084	(52,743)
-- Deferred Tax charge / (credit)		(519,040)	(1,372,486)
-- Fringe Benefit Tax		-	41,374
		(7,014,961)	(4,350,825)
Profit Brought Forward from Previous Year		(4,222,413)	128,412
Amount available for Appropriation		(11,237,374)	(4,222,413)
Balance carried to Balance Sheet		(11,237,374)	(4,222,413)

Notes to Accounts

XVI

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

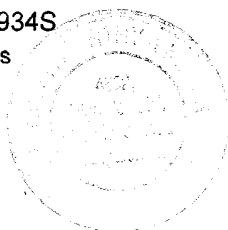
For GIRISH MURTHY & KUMAR
Firm Regn. No: 000934S
Chartered Accountants


GIRISH RAO.B
Partner.

M.No. 85745

Place : Bangalore

Date : 24th May 2010



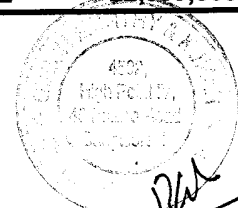
For SNS CLOTHING PRIVATE LIMITED


Director


Director

SNS CLOTHING 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	221,701	221,701
Securities Premium Account Balance as per last account	177,400,000	177,400,000
General Reserve Balance as per last account	-	-
Unrealised Gains / (Losses) on Cash Flow Hedges (net)		
Profit and Loss Account	(11,237,374)	(4,222,410)
	166,384,327	173,399,291
SCHEDULE III - SECURED LOANS		
	-	-
SCHEDULE V - INVESTMENTS		
A. Long-term Investments [at cost] [unquoted]		
In Government Securities [Non-trade] Indira Vikas Patra	2,000	2,000
	2,000	2,000
SCHEDULE VI - CURRENT ASSETS, LOANS AND ADVANCES		
Inventories (at lower of cost and net realisable value)		
Raw Materials and Packing Materials	1,595,231	2,160,896
Finished Goods	12,031,531	20,348,912
	13,626,762	22,509,808



SCHEDULE VIII - SALES

Domestic	69,913,954	87,577,562
	69,913,954	87,577,562

SCHEDULE IX - Contract Receipts

Job Work Income	-	18,397,135
	-	18,397,135

SCHEDULE X - OTHER INCOME

Interest on Income Tax refund	98,073	10,293
Profit on sale of fixed assets (net)	13,709	-
Prior Period Income	324,387	-
Miscellaneous Income	-	1,901
	436,169	12,194

SCHEDULE XI - RAW MATERIAL CONSUMED

Consumption of Raw Materials and Packing Materials	2,738,070	2,148,026
Add / (Less): Decrease / (Increase) in stocks		
Opening Stock		
--Finished Goods	20,348,912	14,761,008
--Work-in-progress	-	-
	20,348,912	14,761,008
Less : Closing Stock		
-- Finished Goods	12,031,531	20,348,912
--- Work-in-progress	-	-
	12,031,531	20,348,912
	8,317,381	(5,587,904)
	11,055,451	(3,439,878)

SCHEDULE XII - OTHER MANUFACTURING AND OPERATING EXPENSES

Job Work Charges	-	34,478
Power and Fuel	1,108,106	2,132,682
Repairs and Maintenance - Plant and Machinery	29,306	31,124
Other Manufacturing Expenses	48,703	62,724
	1,186,115	2,261,008

SCHEDULE XIII - PERSONNEL COSTS

Salaries, Wages and Bonus	7,676,505	20,946,230
Contribution to Provident Fund and other Funds	852,020	2,283,518
Gratuity expense	1,222,290	346,578
Welfare Expenses	54,334	1,159,015
	9,805,148	24,735,341



Sundry Debtors

[Unsecured, considered good]

Debts outstanding for a period exceeding six months	5,515,503	1,633,108
Due from Holding company	124,911,553	110,172,891
--Others	4,448,997	17,195,257

134,876,053	129,001,256
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Cash and Bank Balances

Cash on hand	238,470	263,671
Bank Balances with Scheduled Banks:		
-- in Current Accounts	1,660,506	4,131,751

1,898,976	4,395,422
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Other Current Assets

-	-
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Loans and Advances

[Unsecured, considered good]

Due from Subsidiaries	-	222,112
Advances recoverable in cash or kind or for value to be received		
-- for Supplies and Services	2,116,737	2,383,544
-- to Staff	29,098	122,745
--- others	205,021	-
Balances with VAT,CST and other authorities	395,930	-
Security & other deposits	5,157,520	3,889,206
Advance Tax (net of provision)	362,839	2,039,941

8,267,145	8,657,548
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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 XVI]	-	-
---- Others	3,787,540	3,606,964
Advances from Customers	-	312,124
Other Liabilities	93,484	47,691

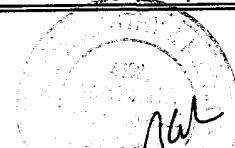
3,881,024	3,966,779
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Provisions

Gratuity	801,660	437,819
Leave Benefits	217,706	224,879

1,019,366	662,698
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4,900,390	4,629,477
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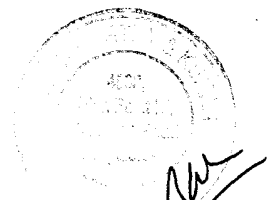


SCHEDULE XIV - SELLING AND ADMINISTRATIVE EXPENSES

Rent	6,889,481	10,314,584
Repairs and Maintenance		
-- Buildings	-	11,600
-- Others	534,179	786,482
Insurance	125,318	90,627
Rates and Taxes	37,860	105,133
Legal and Professional Charges	355,481	415,678
Printing and Stationery	158,420	233,082
Communication Costs	79,367	122,071
Travelling and Conveyance	258,821	384,554
Auditors' Remuneration [Refer Note C- 12 to Schedule XVI]	84,931	72,798
Membership and Subscription	31,350	-
Brokerage and Commission	54,250	304,426
Charity and Donation	10,000	-
Sundry Balances written off	1,519,530	-
Prior Period Expenses	-	20,510
Miscellaneous Expenses	470,868	1,061,325
	10,609,855	13,922,870

SCHEDULE XV - FINANCE CHARGES

Bank Charges	778,770	493,771
	778,770	493,771



SNS CLOTHING 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	4,775,665	-	-	4,775,665	1,811,972	14,152	-	1,826,124	2,949,541
Improvement on Lease Hold	253,061	-	-	253,061	57,272	300,453	-	357,725	(104,664)	195,789
Electrical Equipments	479,057	-	-	479,057	122,357	46,145	-	168,502	310,555	356,700
Office Equipments	2,011,424	-	-	2,011,424	957,413	146,613	-	1,104,026	907,398	1,054,011
Furniture & Fixtures	11,979,411	-	-	11,979,411	6,834,051	931,310	-	7,765,361	4,214,050	5,145,360
Plant & Machinery	2,287,294	-	-	2,287,294	696,402	226,631	-	923,033	1,364,261	1,590,892
Computer	182,922	-	-	182,922	167,179	6,297	-	173,476	9,446	15,744
Vehicles	520,065	-	304,657	215,409	375,265	22,113	216,366	181,012	34,397	144,801
	22,488,900	-	304,657	22,184,243	11,021,911	1,693,714	216,366	12,499,259	9,684,984	11,466,989

WIP Improvement on LHR 414,014

Previous Year	22,136,450	352,450	-	22,488,900	9,044,446	1,977,486	-	11,021,910	11,466,990	13,092,004
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SNS CLOTHING PRIVATE LIMITED

Cash Flow Statement for the year ended 31st March 2010

	Rs.	Rs.
	31.03.2010	31.03.2009
Cash flow from Operating Activities		
Net profit before taxation & Extraordinary items	(6,956,917)	(5,714,168)
Adjustment for:		
(Profit)/Loss on sale of fixed assets	(13,709)	
Depreciation	1,693,714	1,977,486
Preliminary Expenses W/O	-	5,609
Interest Income	-	-
Prior period adjustments		(20,510)
Operating profit before working Capital changes	(5,276,912)	(3,751,583)
Adjustment for:		
(Increase)/Decrease in sundry debtor	(5,874,797)	(7,204,586)
(Increase)/Decrease in Advances	377,545	32,076,820
(Increase)/Decrease in Security & other Deposits	(1,268,314)	-
(Increase)/Decrease in Balance with CST, VAT & Other Authorities	(395,930)	-
(Increase)/Decrease in inventory	8,883,046	(5,119,261)
Increase/(Decrease) in current liabilities	(85,755)	(14,039,354)
Increase/(Decrease) in Provisions	356,667	(1,760,298)
Cash generated from operations	(3,284,450)	201,738
Taxes Paid		
Income Tax Paid (Net of refund)	1,677,102	(358,256)
Fringe benefit Tax Paid		(51,710)
Income tax of earlier years paid	(577,084)	52,743
Net Cash Flow from Operating Activities	A	(2,184,432)
Cash flow from Investing Activities		
Purchase of fixed assets- including Capital advances	(414,014)	(352,472)
Proceeds from sale of fixed assets	102,000	-
Interest received/Interest Paid		-
Purchase of Investments	-	-
Net Cash Flow from Investing Activities	B	(312,014)
Cash flow from Financing Activities		
Proceeds from issue of Shares	-	-
Share Premium received	-	-
Capital Reserve on business Purchase	-	-
(Repayment) of/ Borrowings from unsecured loans	-	-
Preliminary & Preoperative expenses	-	-
Net Cash flow from Financing Activities	C	-
Net Increase / (Decrease) in Cash and Cash Equivalents	A+B+C	(2,496,446)
Increase / (Decrease) in Cash And Cash Equivalents		
Cash and Cash Equivalents as at the commencement of the year (Opening Balance)	4,395,422	4,903,380
Cash and Cash Equivalents as at the end of the year (Closing Balance)	1,898,976	4,395,422

For GIRISH MURTHY & KUMAR
Firm Regn. No: 000934S
Chartered Accountants

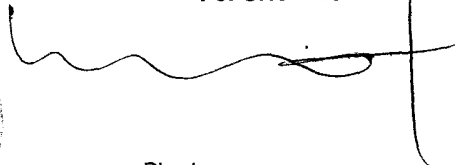


GIRISH RAO.B
Partner.
M.No. 85745

Place : Bangalore
Date : 24th May 2010



For and on behalf of the Board
For SNS CLOTHING PRIVATE LIMITED



Director



Director

SNS CLOTHING PRIVATE LIMITED

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

SCHEDULE XVI - NOTES TO ACCOUNTS

A. Background

SNS Clothing Private Limited (herein after referred to as "the Company") was incorporated on 9th August 2004. The Company took over all the assets and liabilities of The Central Wearhouse and Wearwel as a going concern on 1st October 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.

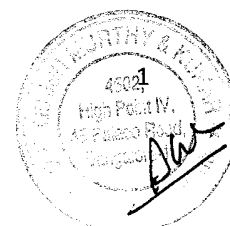
Export incentives are recognized on accrual basis in accordance with the applicable schemes formulated, by the Government of India.

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.

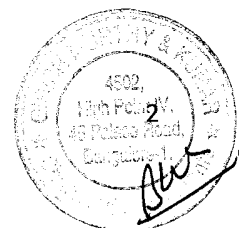
Finished goods and work in progress are valued at lower of cost and net realisable value after considering provision for obsolescence and other anticipated loss, wherever considered necessary. Finished goods and work in progress includes cost of conversion and other production overheads.

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:

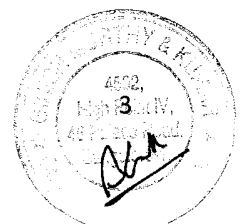
Contributions to Provident Fund are made at pre-determined rates and charged to the Profit & Loss Account. The company's liability is limited to the extent of contributions made.

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.

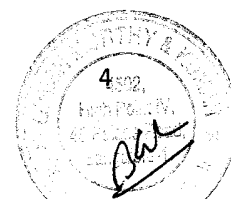
MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations 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

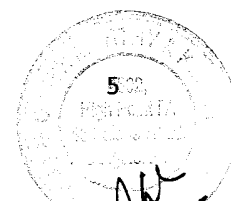
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

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
Relatng to labour disputes	Nil	163,738
Outstanding letters of credit	Nil	Nil
Guarantees given to banks	200,000,000	200,000,000
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	Nil	Nil



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	1,206,485	714,016
Interest cost on benefit obligation	94,884	108,171
Expected Return on Plan Assets	(92,712)	(55,835)
Actuarial gain/(loss)	(23,492)	(419,774)
Net benefit expense	1,185,165	346,578
Actual return on plan asset		

Details of Provision for gratuity (in Balance Sheet)

(Amount in Rs)

	2010	2009
Defined benefit obligation	1,872,016	1,782,558
Fair value of plan asset	1,070,356	1,344,739
Plan liability	(801,660)	(437,819)

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

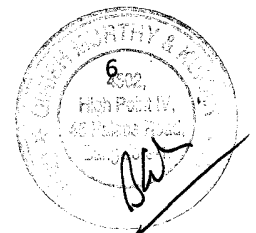
(Amount in Rs)

	2010	2009
Opening defined benefit obligation	1,782,558	1,718,147
Current Service Cost	1,206,485	714,016
Interest Cost	94,884	108,171
Benefits Paid	(1,193,008)	(345,700)
Actuarial (gain)/loss	(18,903)	(412,076)
Closing defined benefit obligation	1,872,018	1,782,558

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

(Amount in Rs)

	2010	2009
Opening fair value of plan asset	1,344,739	114,658
Expected return	92,712	55,835
Actuarial gain/(loss)	4,589	7,698
Contributions by employer	821,324	1,166,548
Benefits Paid	(1,193,008)	0
Closing fair value of plan asset	1,070,356	1,344,739



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. 8,00,000 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

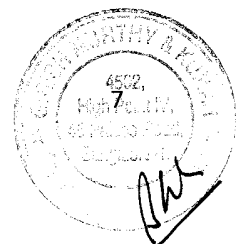
The Company is engaged in a single business segment of sale of garment, and hence, no additional disclosures are required, other than those already given in the financial statements.

- 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	69,913,954 (105,974,697)	134,876,053 (129,001,256)
Outside India		
Total	69,913,954 (105,974,697)	134,876,053 (129,001,256)

Note:

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



4. Related party disclosures

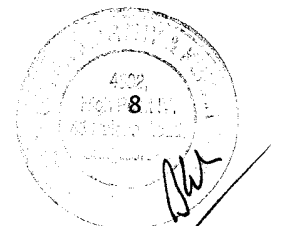
A. Names of related parties and description of relationship:

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
		Madhin Trading 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
		Rajdin Apparels 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)	
Job work charges	Nil (18,397,135)			Nil (18,397,135)
Expenses re-imburement	10,724,663 (7,779,112)			10,724,663 (7,779,112)
Garments Purchased	42,177,987 (71,770,973)			42,177,987 (71,770,973)
Balances outstanding as at March 31, 2010				
-- Credit balances	(Nil)	(Nil)		(Nil)
-- Debit balances	124,911,553 (110,172,891)	Nil (222,112)		124,911,553 (110,395,003)



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

(Amount in Rs)

	2010	2009
Credit balances to fellow subsidiaries		
Madhin Trading Private Limited	-	
Debit balances to fellow subsidiaries		
Reflexion Trading Private Limited	-	222,112
Purchase of Assets		
Madhin Trading Private Limited		

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

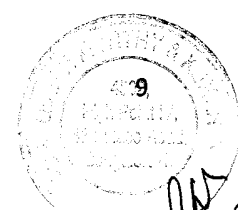
(Amount in Rs)

Particulars	2010	2009
Net profit for the year as per profit and loss account before exceptional items	(7,014,961)	(4,350,825)
Net profit for the year as per profit and loss account after exceptional items	(7,014,961)	(4,350,825)
Weighted average number of equity shares (Nos.)	20,000	20,000
Nominal value per share	10	10
Earnings per share – Basic and diluted	Nil	Nil
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	537,813	99,291	637,104
Retirement benefits allowed on payment basis accrued in books	0	0	0
C Relating to Loss carried forward	16,57,930	419,755	2,077,685
Total	21,95,743	519,046	2,714,789



8. Remuneration to directors

(Amount in Rs)

Particulars	2010	2009
Salaries	Nil	Nil

9. Auditors' remuneration*

(Amount in Rs)

Particulars	2010	2009
Audit fees	66,000	55,000
Taxation matters	11,000	11,000
	77,000	66,000

* 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	Pcs		
- Own production			
- Through Job workers			

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. Sale by class of goods

Products	Unit	2009-2010		2008-2009	
		Quantity	Amount	Quantity	Amount
Readymade garments	Pcs	273,807	69,913,954	376,429	87,577,562
Total		273,807	69,913,954	376,429	87,577,562

12. Stock of Finished Goods

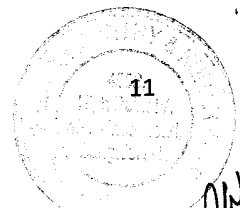
Products	Unit	2009-2010		2008-2009	
		Quantity	Amount	Quantity	Amount
Manufactured Readymade garments	Pcs	66,894	12,031,531	1,06,196	20,348,912
Total		66,894	12,031,531	1,06,196	20,348,912

13. Raw materials consumed

Products	Unit	2009-2010		2008-2009	
		Quantity	Amount	Quantity	Amount
Cloth	Mts	Nil	NIL	Nil	NIL
Consumables			2,738,070		21,48,026
Total			NIL		NIL

e) 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				



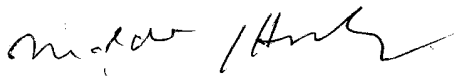
e) Earnings in foreign currency

Current Year : Nil Previous Period : Nil

14. 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.
15. Previous year's figures have been regrouped/rearranged/reclassified, wherever necessary to conform to the current year's presentation.

Signatures to schedules I to XVI

For and on behalf of the Board



Madanlal J Hinduja
Director



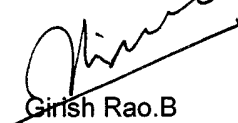
Rajendra J Hinduja
Director

Bangalore:
Dated: May 24, 2010

For Girish Murthy & Kumar

Firm Regn. No. 000934S

Chartered Accountants



Girish Rao.B

(Partner)
(Membership No.85745)



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

Turnover (Total income)	Total Expenditure																		
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				7	0	3	5	0											
				7	7	3	0	7											
+ - Profit/(Loss) Before Tax	+ - Profit/(Loss) After Tax																		
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15px; height: 15px;"></td> <td style="width: 15px; height: 15px; text-align: center;"><input checked="" type="checkbox"/></td> <td style="width: 15px; height: 15px;"></td> <td style="width: 15px; height: 15px;"></td> <td style="width: 15px; height: 15px; text-align: center;">(6</td> <td style="width: 15px; height: 15px; text-align: center;">9</td> <td style="width: 15px; height: 15px; text-align: center;">5</td> <td style="width: 15px; height: 15px; text-align: center;">7)</td> </tr> </table>		<input checked="" type="checkbox"/>			(6	9	5	7)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15px; height: 15px;"></td> <td style="width: 15px; height: 15px; text-align: center;"><input checked="" type="checkbox"/></td> <td style="width: 15px; height: 15px;"></td> <td style="width: 15px; height: 15px;"></td> <td style="width: 15px; height: 15px; text-align: center;">(7</td> <td style="width: 15px; height: 15px; text-align: center;">0</td> <td style="width: 15px; height: 15px; text-align: center;">1</td> <td style="width: 15px; height: 15px; text-align: center;">5)</td> </tr> </table>		<input checked="" type="checkbox"/>			(7	0	1	5)		
	<input checked="" type="checkbox"/>			(6	9	5	7)												
	<input checked="" type="checkbox"/>			(7	0	1	5)												

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

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

			N	I	L
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Dividend Rate %

	N	I	L
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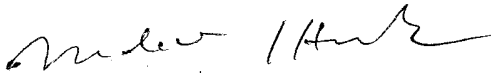
5. Generic Names of Three Principal Products / Services of Company

(as per monetary terms)
Item Code No. (ITC Code)

Product Description

READYMADE GARMENTS

For and on behalf of the Board



Director



Director

Bangalore: May 24, 2010