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gokaldas exports ltd.

Since 1979



gokaldas exports ltd.



One team for all seasons



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REGISTERED OFFICE

No. 16/2, Residency Road
Bengaluru - 560 025, India

CHIEF FINANCIAL OFFICER

Mr. Sathyamurthy A

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Ramya Kannan

STATUTORY AUDITORS

M/s S R Batliboi & Associates LLP
Chartered Accountants
Canberra Block, 12th Floor, UB City,
No 24, Vittal Mallya Road,
Bengaluru - 560001

M/s Girish Murthy & Kumar

Chartered Accountants
4502, High Point IV
45, Palace Road,
Bengaluru 560 001

INTERNAL AUDITORS

G. Balu Associates
Chartered Accountants
4 – A, Venkatesa Agraharam Road
Mylapore, Chennai - 600 004

BANKERS

Canara Bank
Corporation Bank

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Won highest number of export awards



BOARD OF DIRECTORS



Shri Richard B Saldanha
Chairman



Shri P. Ramababu
*Vice Chairman &
Managing Director*



Shri Mathew Cyriac
Director



Shri Arun K Thiagarajan
Independent Director



Shri J H Mehta
Independent Director



Smt Smita Aggarwal
Independent Director

CHAIRMAN'S MESSAGE



Richard B Saldanha
Chairman

Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' REPORT

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

Financial Results (Standalone)

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

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

Review of Operations

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

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

Key Cost Metrics

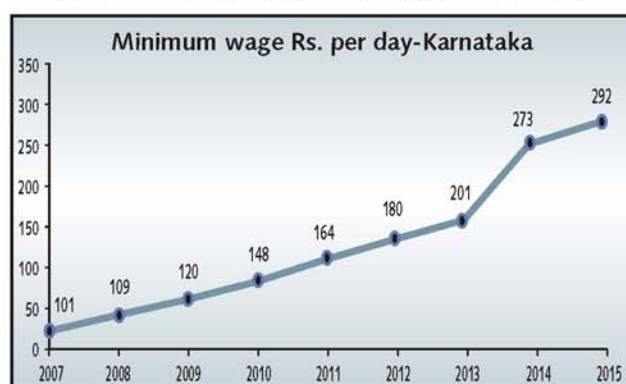
In order to meet the challenges of competitive pricing from the international customers, the company has taken the following initiatives during the year 2015-16:

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

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

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

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



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

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

We have undertaken substantive strategic measures to improve our performance, viz: focus on increasing share of business with existing customers, churn customer and product portfolio as required, develop new customers and markets, focus on high margin product basket, strengthen design capabilities, improve manufacturing efficiencies, and sustain focus on tighter financial management. These initiatives will help us achieve enhanced results in the coming years.

Dividend

No dividend has been recommended by the Directors for the year.

Transfer to Reserves

No amount is transferred to the Reserves.

List of Subsidiaries

Your Company has 12 subsidiary companies. The names of these companies are as follows:

- i. All Colour Garments Private Limited,
- ii. DeeJay Trading Private Limited,
- iii. Glamourwear Apparels Private Limited,
- iv. Madhin Trading Private Limited,
- v. Magenta Trading Private Limited,
- vi. Rafter Trading Private Limited,
- vii. Rajdin Apparels Private Limited,
- viii. Reflexion Trading Private Limited,
- ix. Rishikesh Apparels Private Limited,
- x. Seven Hills Clothing Private Limited,
- xi. SNS Clothing Private Limited and
- xii. Vignesh Apparels Private Limited.

Pursuant to provisions of Section 129(3) of the Companies Act, 2013 a statement containing salient features of the financial statements of the Subsidiary Companies in Form AOC-1 is given in Annexure to this report, in view of the above the Audited Financial Statements along with the reports of the Board of Directors and the Auditors pertaining to the above subsidiaries have not been attached to this Report. The Financial Statements of the said subsidiaries

will be kept for inspection at the registered office of your Company. Investors who want to have a copy of the above may write to the Company Secretary to the registered office.

Changes in Subsidiaries, Joint Ventures and Associates :

Your Company is holding 99.94% stake in the subsidiaries Companies. All the subsidiaries are wholly owned Subsidiary Companies.

Significant or Material Orders Passed by Regulators / Courts

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

Deposits

During the year under review, your Company has not invited or accepted any deposits from the public under section 76 of the Companies Act, 2013 and Rules made there under.

ESOP- 2010

Your Company has introduced the Employee Stock Option Scheme – 2010 in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999. During the year 1,94,994 employee stock options were converted into equivalent number of equity shares. As required under SEBI (Share Based Employee Benefits Regulations, 2014), a disclosure is annexed herewith.

Share Capital

Consequent to conversion of stock options into equity shares, your Company's Paid Up equity share capital has gone upto Rs.173,946,630 as on March 31, 2016 from 172,971,660 as on March 31, 2015.

Directors and Key Managerial Personnel

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

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

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

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

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

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

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

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

Declaration by Independent Directors:

The Company has received necessary declaration from each Independent Directors under Section 149(7) of the Companies Act, 2013 that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement/SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration various aspects of Board's functioning, composition of the Board and its Committees, execution and performance of specific duties, obligations and governance.

The performance evaluation of Independent Directors has been carried out. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

Number of Meetings of the Board

During the year, Six Board Meetings were held on May 25, 2015, August 12, 2015, September 18, 2015, November 9, 2015, January 5, 2016 and February 12, 2016. The Particulars of Directors & their attendance during the financial year 2015-16 has been disclosed in the Corporate Governance Report forming part of this Annual Report.

Board Committee

The Company has the following committees of the Board:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee

The Composition of each of the above Committees, their respective roles and responsibility are as detailed in the report on Corporate Governance.

Directors' Responsibility Statement

Pursuant to the provisions contained in Section 134(3)(c) of the Companies Act, 2013, the Board to the best of its knowledge and belief and according to the information and explanations obtained by it confirm that:

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

Safety, Health, Environment

We, as a responsible manufacturer, are committed to take adequate measures related to environment, employee health and safety in developing, manufacturing, storing, handling and distribution of our products. It is our responsibility to provide a workplace free from accidents, injuries and exposure to hazardous substances, conserve natural resources and prevent pollution to protect the environment.

Besides, as a constructive partner in the communities in which it operates, the Company has been taking concrete actions to realize its social responsibility objectives, thereby building value for its various stakeholders. We respect human rights, value our employees, and invest in innovative technologies. In the past the Company has supported innumerable social and community initiatives and continues to do the same.

Some of the key initiatives taken by the company are:

- Regular fire safety audits along with mock drills at all locations
- Identification and implementation for additional fire safety measures for high rising buildings
- Up-gradation of existing fire control and safety systems including training on fire prevention for employees
- Enhanced focus on product safety and safe working practices through training programs
- Implementation of a Reverse Osmosis plant in Denim Laundry for recycling of waste water

Corporate Governance

Your Company is committed to maintaining the highest standards of Corporate Governance. Your Directors adhere to the standards set out by the Securities and Exchange Board of India's (SEBI) Corporate Governance practices. Your Company's Corporate Governance Compliance Certificate is in line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is given along with the Corporate Governance Report.

Management Discussion and Analysis

Management Discussion and Analysis Report is given separately, forming part of this Annual Report and is in accordance with the requirements laid out in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Listing

The equity shares of the Company are listed

on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company has paid the listing fees to the respective stock exchanges till date. The Company's shares are tradable compulsorily in the dematerialized form and the Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) for trading in electronic form.

Auditors

a) Statutory Auditor

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

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

b) Secretarial Auditor

Pursuant to the Provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Nagendra D Rao, Practicing Company Secretary (CP NO:7731, FCS: 5553) to undertake the secretarial audit of the Company. The Secretarial Audit Report is given in Annexure to this Report.

It has been observed that :

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

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

Particulars of Employees

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

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

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

In pursuance of the Conservation of Energy, Technology Absorption, Foreign Exchange Earnings in such manner as prescribed under Rule 8 (3) of the Companies (Accounts) Rules, 2014, the particulars of the same are given below.

A. Conservation of Energy

The operations of the Company are not energy intensive. However, the Company takes continuous initiatives to curtail consumption of energy on an ongoing basis.

B. Technology absorption, adaptations and innovation

Not Applicable

C. Foreign Exchange Earnings and Outgo

Foreign Exchange earned: Rs. 93,302 lakhs
Out go : Rs. 25,233 lakhs

Related Party Transactions

All related party transactions, that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. The Company presents a statement of all related party transactions before the Audit Committee. Prior omnibus approval of the Audit Committee has been obtained for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted along with a statement giving details of all related party transactions is placed before the Audit Committee. Further there are no materially significant related party transactions during the year under review made by the Company with promoters, Directors, Key Managerial Personnel or designated persons which may have a potential conflict of interest with the Company at a large.

Particulars of Loan, Guarantees and Investment

In Terms of Section 134 of the Companies Act, 2013, the particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013 is detailed in Notes to Accounts of the Financial Statements.

Disclosure under the sexual harassment of women at workplace (prevention, prohibition & redressal) Act, 2013

Your Company has in place a policy on prevention, prohibition and Redressal of Sexual Harassment and Non-discrimination at work place in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual temporary, trainees) are covered under this policy.

An Internal Complaints Committee (ICC) was set up to redress complaints received regarding sexual harassment and discrimination at work place.

During the year ended March 31, 2016, the ICC has received no complaints pertaining to Sexual harassment /discrimination at work place.

Extract of the Annual Return

Relevant extract of annual return to be filed with the Registrar of Companies for the financial year 2015-16 in Form MGT-9 is given as Annexure to this Report.

Corporate Social Responsibility (csr)

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors of your Company has constituted a Corporate Social Responsibility Committee.

The Corporate Social Responsibility Policy, as formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors is available on the website of the Company at <http://www.gokaldasexports.com>

Remuneration Policy for the Directors, Key Managerial Personnel and other Employees

In terms of the provisions of Section 178(3) of the Act and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination & Remuneration Committee is responsible for formulating criteria for determining qualification, positive attributes and independence of a Director. The Nomination & Remuneration Committee is also responsible for recommending to the Board a policy relating to remuneration of Directors, Key Managerial Personnel and other senior employees.

In line with this, Board has adopted

Remuneration Policy for Directors, Key Managerial Personnel and other senior employees of the Company. The copy of policy is available on the company's website www.gokaldasexports.com

Development and implementation of a Risk Management Policy

Your Company has adopted a Risk Management Policy for addressing the requirements of risk identification, risk assessment, risk mitigation plans etc of the company.

Risk Management Policy

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have formulated a policy on Risk Management which can be accessed from the Website of the Company at www.gokaldasexports.com

Shifting of Registered Office

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

Acknowledgements and Appreciation

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners and associates, financial institutions and the Central and State Governments for their consistent support and encouragement to the Company. I am sure you will join our Directors in conveying our sincere appreciation to all employees of the Company for their hard work and commitment.

On behalf of the Board of Directors

Richard B Saldanha
(Chairman)

P. Ramababu
(Vice Chairman and
Managing Director)

Bengaluru
9th August, 2016

ANNEXURE TO DIRECTORS' REPORT

FORM AOC-1 (Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures)

Part A - Subsidiaries

(Information in respect of each subsidiary to be present with amounts in Lakhs)

Sl. No.	Name of the Company	All Colour Garments Pvt Ltd	Deejay Trading Pvt Ltd	Glamourwear Apparels Pvt Ltd	Madhin Trading Pvt Ltd	Magenta Trading Pvt Ltd	Rafter Trading Pvt Ltd	Rajdin Trading Pvt Ltd	Reflexion Trading Pvt Ltd	Rishikesh Apparels Pvt Ltd	Seven Hills Clothing Pvt Ltd	SNS Clothing Pvt Ltd	Vignesh Apparels Pvt Ltd
1	Reporting period for the subsidiary concerned, if different from holding Company's reporting period	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016	31st March, 2016
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
3	Share Capital	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00
4	Reserves & Surplus	344.28	120.55	157.37	77.78	73.82	73.26	207.23	27.54	102.38	327.86	1580.46	80.23
5	Total Assets	356.42	377.46	524.59	439.85	633.61	497.89	709.53	328.19	728.96	1817.33	1893.40	92.07
6	Total Liabilities	356.42	377.46	524.59	439.85	633.61	497.89	709.53	328.19	728.96	1817.33	1893.40	92.07
7	Investments	0.00	0.01	0.09	0.01	0.03	0.00	0.01	0.03	0.00	0.00	0.02	0.08
8	Turnover	0.86	1,968.84	1,673.94	1,815.18	2,890.71	2,397.84	2,694.25	1,700.06	3,132.36	7,173.88	1,752.10	-
9	Profit before taxation	-2.59	37.56	13.05	24.19	21.14	-2.48	16.69	15.00	31.61	51.06	-1.64	-2.89
10	Provision for taxation	0.00	32.81	7.49	18.64	17.74	-6.87	9.76	9.40	25.87	46.92	-3.98	0.00
11	Profit after taxation	-2.59	4.75	5.56	5.55	3.40	4.39	6.93	5.59	5.74	4.14	2.33	-2.89
12	Proposed Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13	% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Notes: The Following information shall be furnished at the end of the statement

- Names of Subsidiaries which are yet to commence operations - NA
- Names of Subsidiaries which have been liquidated or sold during the year - Robot Systems Pvt Ltd