gokaldas exports ltd

GEL/SEC/2020-21

25th September, 2020

BSE Limited
Floor 25, P.J Towers,
Dalal Street,
MUMBAI - 400 001

SCRIP CODE: 532630

The National Stock Exchange of India Limited
Exchange Plaza,
Bandra - Kurla Complex, Bandra (E),
MUMBAI-400 051

GOKEX

Dear Sir,

Sub: Annual Report for the Financial Year 2019-20

We hereby enclose the Annual Report of the Company for the Financial Year 2019-2020 as required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

This is for your information and record.

Thanking you,

Yours truly,
for **GOKALDAS EXPORTS LIMITED**

Gokaldas Exports Limited Bangalore-25

Sameer Sudarshan R.V.
Company Secretary
Encl: as below

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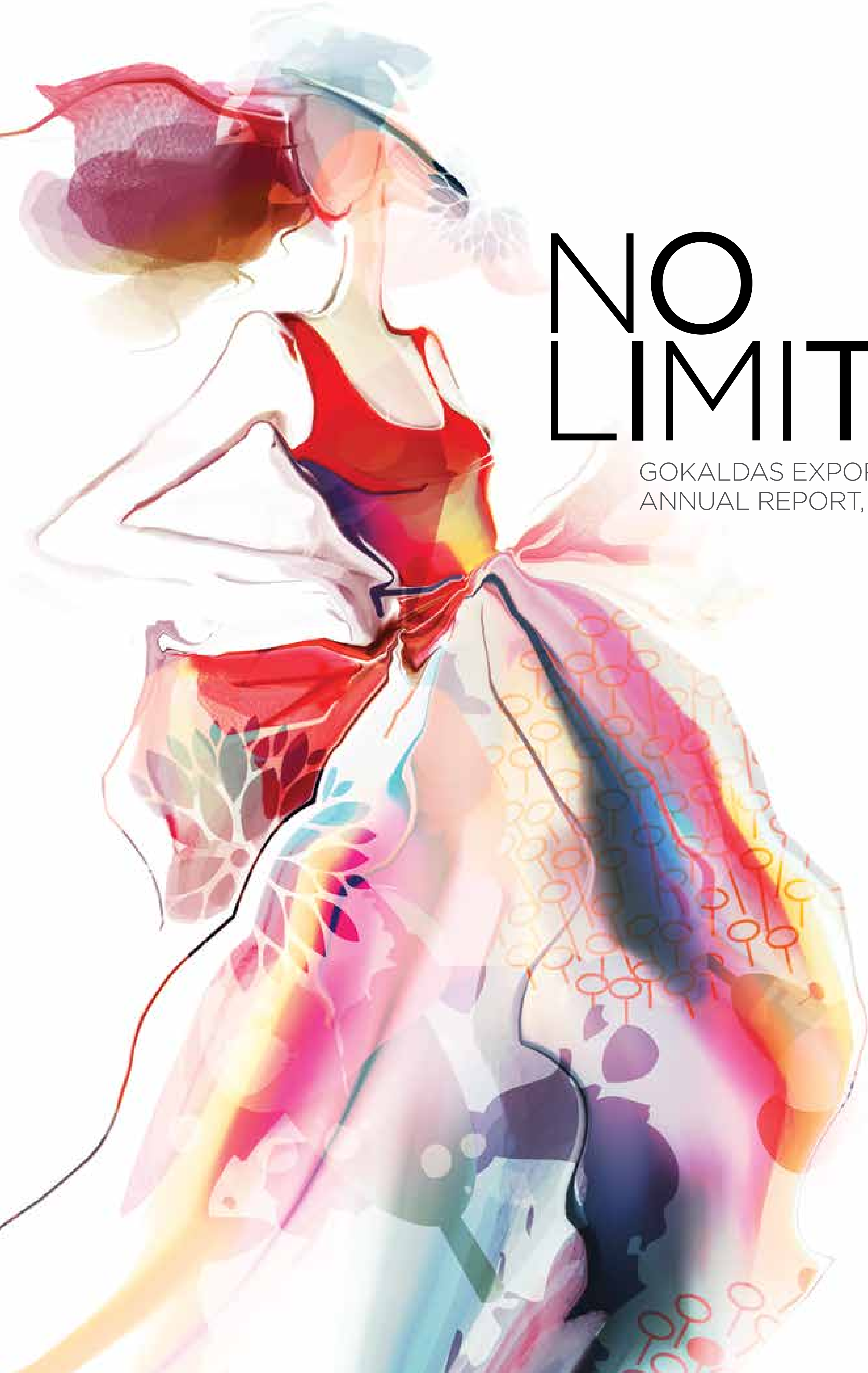
Intertek

UKAS MANAGEMENT SYSTEMS



NO LIMITS!

GOKALDAS EXPORTS LIMITED
ANNUAL REPORT, 2019-20

Forward-looking statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise

NO LIMITS!

GOKALDAS EXPORTS INCREASED REVENUES BY 17% IN FY20, THE HIGHEST ANNUAL GROWTH DELIVERED IN A DECADE, WHILE INDIA'S APPAREL EXPORTS DECLINED 4.1% IN FY20.

THE COMPANY REPORTED GROWTH ACROSS ALL PRODUCT CATEGORIES AND ALL SEASONS, INDICATING A SECULAR AND SUSTAINABLE PERFORMANCE.

THIS VALIDATES THE COMPANY'S PROMISE ENCAPSULATED IN TWO WORDS.

NO LIMITS!

GOKALDAS EXPORTS LIMITED.

ONE OF INDIA'S APPAREL EXPORTERS.

THE 'LABEL' BEHIND SOME OF THE MOST PROMINENT GLOBAL APPAREL LABELS.

Ethos of the Company
Be the globally reputed and trusted apparel manufacturer, evoking distinctive recognition for product, performance, process and people

Background
Gokaldas Exports Limited has been in business since 1979 and is a leading apparel exporter in India.

Global footprint
The Company caters to eminent international customers all over the world in more than 50 countries, including US, Europe, Canada, Japan, Russia, Middle East, South Africa and South America.

Manufacturing units
The Company's operations are spread across multiple factories supplemented by value-adding service units located in South India.

Manufacturing efficiency
The Company is one of the largest organised apparel manufacturers in India with a manufacturing capacity of 30 million apparel pieces per annum.

Listing
The Company is listed on the Bombay Stock Exchange (BSE) Limited and National Stock Exchange (NSE) Limited.

Products and functions
The Company is engaged in manufacturing of a wide range of apparel including outerwear, sportswear, casual wear and formal wear for women, men and children. It executes orders ranging from the simple to the complex with functions comprise laying, cutting, sewing, embroidery, quilting and printing, design, development, making, washing, laser finishing and poly-fill.

Sustainability
The Company is dedicated in the endeavour of sustaining the planet. It aims to conserve natural resources by introducing the best technologies at every step of its operations and thereby living up to its commitment to considerably reduce its carbon footprint.

People
The Company believes in a culture of meritocracy. Its people are the most valuable asset to its business. It is reflected in its employee-focussed approach. It has a proud workforce of 26,000+ employees as of March 31, 2020.

AT GOKALDAS EXPORTS, WE DON'T JUST PROVIDE APPAREL TO SOME OF THE MOST PROMINENT GLOBAL BRANDS.

WE EMPOWER THEM TO TAKE THEIR BUSINESS AHEAD.

GAP
Largest specialty retailer in the United States whose products are available in over 90 countries.

H&M
One of the global leaders in fashion with a presence in about 60 countries, along with an online presence in over 35 countries.

Adidas
Global leader in athletic apparel and sportswear.

Columbia
Industry leader in outdoor apparel products like jackets, fleece, pants, shoes and boots.

Carhartt
Delivering best-in-class apparel, respected for rugged construction, innovative design and exceptional standards of quality, durability and comfort for 125 years.

Puma
German multinational that designs and manufactures athletic and casual footwear, apparel and accessories.

Vero Moda
Brand of choice from Bestseller for the fashion-conscious, independent young woman who wants to dress well and pay less.

Marks & Spencer
Iconic British multinational retailer that specialises in clothing, home and food products.

A&F
American lifestyle retailer that focuses on casual wear. Operates two offshoot brands Abercrombie Kids and Hollister Co. Operates over 1,000 stores.

Walmart
US multinational retail corporation engaged in the operations of a chain of hypermarkets, discount department stores and grocery stores. The Company operates over 11,500 stores in 27 countries.

Carrefour
French multinational retail corporation with a global network of about 12,000 stores. Offers consumer goods, food and non-food products, household supplies, textiles, electronics, home appliances and local products.

AT GOKALDAS EXPORTS, ‘NO LIMITS’ IS ABOUT...

LEADING WITH PASSION AND PRIDE, AND NOT JUST THROUGH FINANCIALS

GOING FASTER WHEN THE WORLD IS ‘SLOWING DOWN’

RAISING THE BAR WHEN MOST FEEL THAT THE BEST HAS BEEN ACHIEVED

A CONVICTION THAT THE GOKALDAS TEAM CAN PULL OFF ANYTHING

IMPRESSING UPON STAKEHOLDERS NOT WHAT IS, BUT WHAT CAN BE

OUTPERFORMING!

THIS IS HOW 'NO LIMITS' WAS REFLECTED IN OUR 2019-20 PERFORMANCE

The global apparel sector turned sluggish

Gokaldas Exports reported 17% revenue growth

There was a greater pressure on financial resources

Gokaldas Exports RoCE increased 109 bps to 10.3%

The global markets were marked by declining liquidity

Gokaldas Exports more than quadrupled cash and equivalents

Market conditions became sluggish through successive quarters

Gokaldas Exports strengthened EBIDTA margin (MEIS-adjusted) from 5.5% to 8.3%. EBITDA margin grew to 7.30%, by 30 basis points.

There was a pressure on working capital in the apparel sector

Gokaldas Exports reduced net debt by ₹35 crores in 2019-20

AT GOKALDAS EXPORTS, THE FIRST WORD IS GOVERNANCE

At Gokaldas Exports, we believe that good governance is not just something that left to the Board rooms; it is a charter of how we do business.

We believe that this subject is increasingly important in a world where customers do not just seek to know how many garments we can manufacture at what price and in what time; they also seek to know what values we hold dear, whether we run our business around the highest standards of responsibility and whether we stand for the good of the environment, employees and communities as well,

This ESG priority resonates with us: at Gokaldas Exports, we are driven by the vision to not necessarily emerge as the largest in our space at any cost; we are driven by the need to be respected as among the most respected player in the global apparel sector.

Credibility

At Gokaldas Exports, the one word that would be the most effective characterisation of our Company would be 'credibility'. In a world where it was imperative for vendors to carve away market share at any cost, we believed that the most effective positioning of our Company would be as people who could be trusted: people who under-promised and over-delivered, professionals who extended beyond the normal call of duty and a company that focused on strengthening the business of its customers.

Discipline

At Gokaldas Exports, we positioned our Company around a culture of discipline. We believed that when customers visited us for an inspectional audit of our facilities, one of the first things they would notice is a sense of order – not just in the way we addressed their needs but also in the way we maintained our manufacturing facilities, the commitment to schedules, treatment of our people, sustainability and wastage sensitivity among other things.

Progressive

At Gokaldas Exports, we believe that we represent the new world. In this new world, there is an overarching need for respect for dignity and protection of the people and the environment, merit-based engagement of people, gender respect, zero tolerance for sexual harassment and absence of ethical transgressions.

Long-term

At Gokaldas Exports, even as we address the market dynamics of the day, we plan for the long-term. We resist the temptation of fleeting arbitrage but seek long-term sustainability. The result of this is reflected in the stability of our eco-system: partners who have engaged with us through the long-term and employees who given the better part of their careers to us.

Stakeholder value

At Gokaldas Exports, we recognise that we exist for the benefit of all our stakeholders: we are in business to take the business of our customers ahead through competent product delivery; we enhance and enrich the careers of our employees; we seek to generate a superior return on employed capital for our investors, we play a responsible role for the supporting communities, we provide our partners with increased business and we fulfil our obligations to the government on time. We believe that every stakeholder in this eco-system is precious to us.

Focus

At Gokaldas Exports, we believe that core competence prevails over diversification; specialists are valued more than generalists. In view of this, we focus on apparel manufacture and adjacent spaces (PPEs, for instance). We have always believed in investing in honing our product development skills and manufacturing new products that are of value to our customers. We believe that our space is vast, growing and offers considerable headroom if we continue to specialise.

Board of Directors

At Gokaldas Exports, we believe that the success of our strategic direction is largely influenced by our Board of Directors. We have placed a premium on our Board composition, comprising achievers of standing. These individuals have enriched our values, bandwidth, business understanding and strategic direction.

Systems-driven

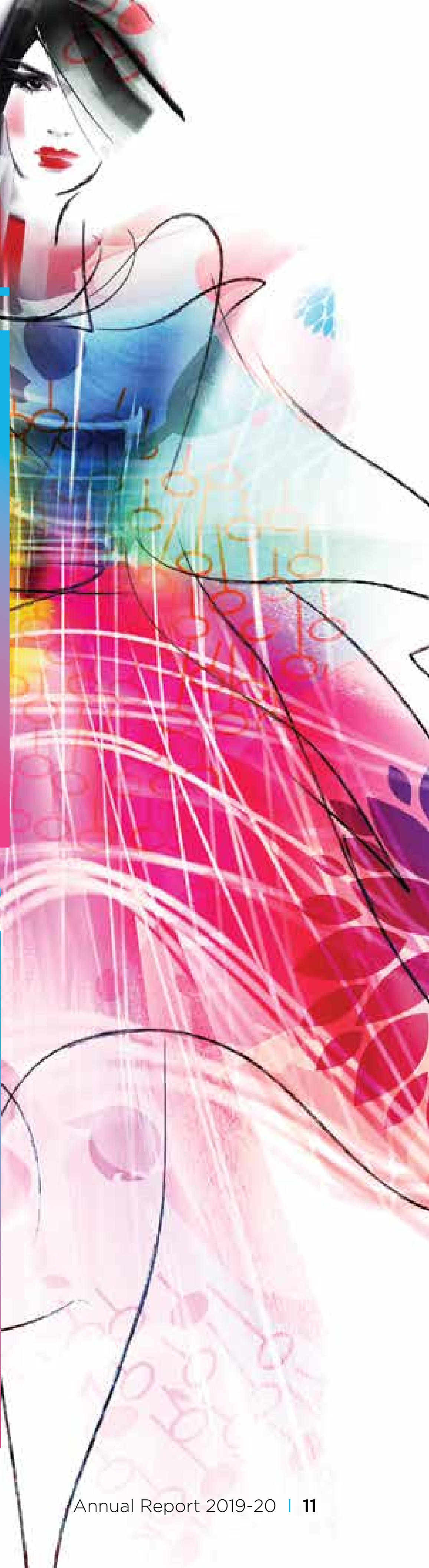
At Gokaldas Exports, we believe that in a business marked by hundreds of variables the only insurance comes from an overarching commitment to systems and processes. We believe that there is a system for everything: how something is to be done, in what sequence, with what human input, with what outcome, in how much time, at what cost and what impact. Our framework – processes and IT foundation – makes repeatability, predictability and scalability possible.

Audit and compliance-driven

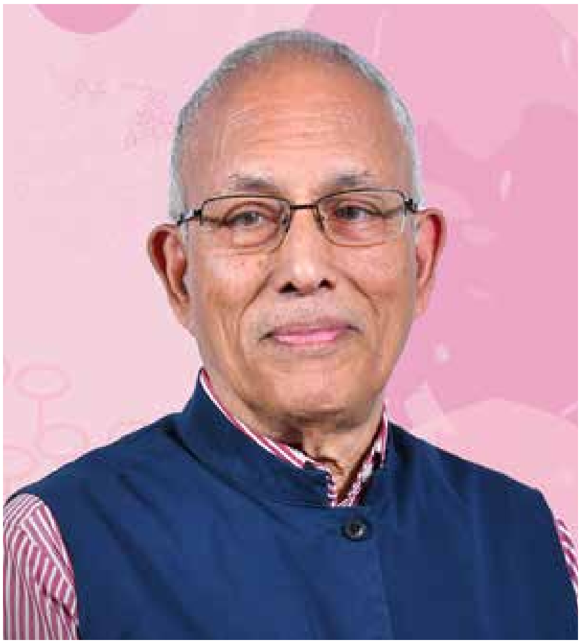
At Gokaldas Exports, business predictability is derived by ensuring that there are checks and balances. We are an audit-driven and compliance-driven organisation. We rather prefer to take a conservative view. There is an overall culture for being understated, fact-driven and precise.

Transparency

At Gokaldas Exports, we hold the transparency ethic high in our value system. This is showcased in honest performance appraisals, how we communicate with each other in the normal conduct of our business, communication of quarterly financial performance with stakeholders and even how we explain our performance to our employees.



CHAIRMAN'S OVERVIEW



> In a VUCA (volatile, uncertain, chaotic and ambiguous) world, where nothing can be taken for granted, the biggest insurance comes from the one word that represents the cornerstone of our existence.
>
> **It is 'relationships'.**

The Company, over the last two years, restructured its Balance Sheet to enhance financial sustainability.

During the last few years, Gokaldas Exports banked on relationships as the principal foundation for building a scalable business. The Company was convinced that once the customer was willing to interact, the Gokaldas Exports team would do everything it took to transform that into a long-term partnership.

We believe that a relationship-based approach is always fundamental to business success. The global fashion industry is marked by shorter fashion cycles that warrants quicker turnaround times, online sales that emphasises lower value and fast moving products, and a trend towards casual and atheleisure products. End consumers need a superior price-value proposition, while apparel manufacturers and retail customers both need dependable supply chains.

At Gokaldas Exports, our principal resolve is to extend ourselves beyond the simplistic manufacturing of products delivered on schedule as per the defined needs of our customers. We endeavour to provide solutions that take the business of our customers ahead. In doing so, we are shifting the needle from 'vendorship' to partnership.

To do so, Gokaldas Exports examined every business reality and questioned every paradigm. The Company embarked on a process to reinvent itself with the objective to enhance agility. The

Company, over the last two years, restructured its Balance Sheet to improve financial sustainability. It graduated to manufacturing complex products and designs, a space marked by relatively low competition. It deepened world-class design capabilities, which extended the Company's services from manufacturing to design and delivery. It provided customers designing, product engineering, optimised manufacturing and innovation competencies. It reinforced its deliverables with capabilities like laundry, embroidery, printing and poly wadding. It provided complete compliance and environment responsibility, ensuring that the products delivered were produced sustainably.

I am pleased to communicate that this holistic approach to relationship building has helped virtually transform our brand. In the space of just 30 months, Gokaldas Exports added 10 marquee customers. The Company generated 8% additional revenue from these new customers in 2019-20. More importantly, it diversified the revenue base and derisked the Company. Gokaldas Exports has emerged as a go-to global apparel solutions brand.

At Gokaldas Exports, we perceive our relationship-driven approach to be a foundation for sustainable growth. Our objective is not just to service the prevailing needs of existing customers; our objective is to account for a larger wallet share from the customer's brand, leverage that reference to extend to other brands within the same customer and then use that positive reference to extend to other companies.

At Gokaldas Exports, we are optimistic of protecting our relationships in a pandemic-affected world. We have consistently outperformed the industry in service delivery parameters. We are respected for the value-added manufacture of superior quality garments. We possess the capability to manufacture a range of garments, empowering us to provide a one-stop solution. We possess adequate headroom to ramp up output with speed.

The result is that if there is an industry consolidation and customers decide to work with fewer and more trusted vendors, Gokaldas Exports will emerge as one of the select partners for the discerning customer base. This provides us the confidence and hope for an appreciable improvement in our prospects when consumer sentiment returns.

On behalf of the Board of Directors, I thank our customers for their support. I would also like to acknowledge the counsel of the Board that helped steer the Company through the year. I thank our leadership team and employees, led by Managing Director Sivaramakrishnan Ganapathi for their commitment to create a world-class company.

Mr. Richard B. Saldanha,
Chairman and Non-executive Independent Director

At Gokaldas Exports, we are optimistic of protecting our relationships in a pandemic-affected world. We have consistently outperformed the industry in service delivery parameters.

“WE EMBARKED ON A NUMBER OF INITIATIVES TO PROPEL YOUR COMPANY THROUGH THE YEAR; WE WITNESSED THE HIGHEST REVENUE GROWTH IN A DECADE DESPITE SOME SERIOUS INDUSTRY HEADWINDS.”

Dear shareholders,

Overview

I am pleased to report that your Company reported a total income of ₹1400 crores in FY20 as against ₹1196 crores in the previous year, delivering a growth of 17%.

Your Company delivered a revenue growth of 17% in FY20 against a backdrop of 60 bps fall in global economic growth and 4.1% decline in Indian apparel exports.

17%
Increase in revenues, 2019-20

7.3%
Increase in EBITDA, 2019-20

19%
Increase in PAT, 2019-20

The year 2020 was quite eventful. The Government of India announced a complete withdrawal of MEIS in January 2020 with retrospective effect from March 2019. MEIS amounted to 4% of export turnover and was an integral part of business considerations for the industry. It was priced into contracts the Company entered into with its customers. The Company lost ₹41 crores in FY20 and another ₹6 crores in FY19. The Company did receive an additional ROSCTL of ₹5.3 crores as one-time relief during the year, partially compensating the loss.

In October 2019, the Karnataka Government announced a minimum wage increase of 10% with effect from April 2019. Your Company absorbed over ₹20 crores in FY20 on account of this change.

In the year, the Rupee depreciated by 1.4% against the US Dollar, versus a 3.8% depreciation of the Chinese Yuan. Apart from the relative weakness, the lower level of Rupee depreciation did not mitigate the inflationary effects in full.

And finally in Q4, the COVID-19 pandemic hit the globe. The corona virus unleashed an unprecedented event, which was so sudden and so extensive in its sweep, that it caught the world unprepared for economic consequences. We experienced a human tragedy of extraordinary proportions as economic shocks such as cancelled and deferred orders and delayed payments reverberated across the industrial value chain, impacting millions of people whose livelihoods depend on this.

The lockdown in China hit the supply chain in January 2020, forcing the Company to realign input supplies. In the meanwhile, in February 2020, COVID-19 shut down the principal markets of EU and US. Retail stores were closed. Retail brands started deferring orders in response. Subsequently, in March 2020, India announced a lockdown leading to a temporary closure of factory operations. Your Company lost production for over 8 days in Q4 during the peak supply season, impacting revenue to the extent of almost ₹30-40 crores. Despite this, the Company paid its workers their full salary in March 2020, as a moral obligation.

These are one too many odds for any business. Your Company delivered a revenue growth of 17% in FY20 against a backdrop of a 60 bps fall in global economic growth and a 4.1% decline in Indian apparel exports.

The Company generated an EBITDA of ₹102 crores, excluding exceptional items of profit from the sale of land of ₹26 crores and reversal of MEIS income of the previous year of ₹6.1 crores, yielding an EBIDTA margin

of 7.3%. ROCE went up to 10.3% and the working capital cycle deployed came down to 84 days.

The driving force behind the Company's performance for the year continues to be a passionate adherence to the 'No Limits!' philosophy. This passion reinforced our conviction that every challenge represents an opportunity and that when you engage with passion there are no limits to growth.

The result of this conviction translated into several organisation wide initiatives.

Partnering customers

Your Company significantly expanded its existing profitable customer engagements, apart from growing with new customers. The result was all-round revenue growth. Further, the Company stepped up its effort to engage with adjacent brands in its existing customer portfolio, thus on-boarding new relationships and diversifying customer concentration risk.

Your Company also strengthened the marketing team to enhance market visibility and customer relationships. It invested in design and development to expand and enhance product offerings. The Company has been effectively repositioned as a partner to its customers and not just a convertor.

You may note that the apparel business is seasonal, responding with diverse product offerings according to weather patterns. Manufacturers in India generally experience a higher volume in the peak spring and summer seasons. By expanding the product suite to include a range of products for autumn and winter, the Company reduced seasonal revenue volatility across different quarters, thereby helping improve return on investment.

Fresh mindset

Your Company recognised the need for a fresh mindset and a professional and purposeful way of doing business. In view of this, your Company expanded the team to include top talent with diverse and international experience. It recruited professionals from across sectors for leadership positions where it was possible, to usher in a new outlook and to bring in an entrepreneurial mindset with accountability for performance focused on employee engagement to create a strong, caring and performance-oriented work culture. At a mid-to-junior level, the Company engaged 60 industrial engineers, expanded the design team and increased the operational bandwidth with a forward-looking youthful energy. Training was intensified across functions, as an extension of this people-driven priority to transform the business.

On the manufacturing side, the

One of the most decisive initiatives that transformed the Company was its culture. We engaged extensively with shopfloor workers, the wheels of the manufacturing eco-system. We explained the impact of their actions on the productivity of their manufacturing line, provided the manufacturing team data that made it possible for them to see the impact of their actions on financial outcomes.

Company created a Central Industrial Engineering and Process Improvement team that introduced extensive digitalisation with a comprehensive tracking of production lines at frequent time intervals. Video analysis of operations, IOT-enabled machines, and a control system that makes factories productive, smart and replicable are further strengthening our manufacturing operations, ushering in world-class capabilities. Your Company invested ₹41 crores in capital expenditure to increase capacity and quality of manufacturing.

Cultural transformation

One of the most decisive initiatives that transformed the Company was its culture. We engaged extensively with shopfloor workers, the wheels of the manufacturing eco-system. We explained the impact of their actions on the productivity of their manufacturing line, provided the manufacturing team data that made it possible for them to see the impact of their actions on financial outcomes. The new HRMS system generated people data that translated into informed decision-making. The creation of a library of protocols improved operational consistency, the basis of success in a business marked by several variables.

As a responsible global apparel player, the Company drove sustainability, reducing water and energy consumption, recycling waste water and such measures to ensure that we remained in tune with future needs.

Three desired outcomes

All of these initiatives translated into a complement of three desired outcomes: on-time and in-full delivery as well as improved product quality. Related benefits comprised reduced process time, increased throughput from existing machines and lower raw material and finished goods rejects and wastage. This improved the operations leading to a stronger customer connect and positioned the Company as a reliable player in a competitive industry.

Outlook

The Covid pandemic will play a significant role in FY21. The first quarter of FY21 saw factories being shut for almost 50% of the period, except for PPE manufacturing.

Your Company responded by leveraging new opportunities in healthcare garments by pioneering PPE production for the Government of India, producing almost 25,000 PPEs a day. The Company partnered with DRDO in developing and producing high quality woven PPEs as well. This provided vital cashflows when operations were otherwise shut.

The Company also initiated structural corrections by aligning to market demand, rightsizing the business where necessary as well reducing operating expenses. The Company tightened cash management by deferring capex, renegotiated supplier terms and ensured extra lines of credit for contingency.

On the overall, the Company addressed the COVID-19 induced business disruption squarely. While the pandemic may last for a few more months, the Company endeavours to return to business normalcy at the earliest. Your Company has the strategy, business book, resources and capability to sustain and bounce back out of this stronger.

The outlook for 2020-21 is cautiously optimistic. Your Company believes that a sectoral consolidation will emerge. Competitors with relatively weaker Balance Sheet could find it difficult to stay in business, large global customers could seek to consolidate their vendor base and work with fewer suppliers to ensure reliable supplies in uncertain times. Your Company expects to ride through this slowdown and emerge as a lean operating entity delivering superior engagement with customers while recovering most of the operating metrics at the earliest.

Mr. Sivaramakrishnan Ganapathi,
Managing Director

THE IMPACT OF COVID-19 ON OUR SECTOR AND COMPANY

The outbreak of the pandemic

The pandemic was an unprecedented event that was so sudden and extensive in its sweep, that it caught the world unprepared for the economic consequences. The pandemic disrupted the global economy and consumer sentiment starting January 2020. Economic shocks extended across the entire textiles value chain from Q4 FY20. Supply chains were interrupted when parts of China went into a lockdown. Markets closed in Europe from February 2020 leading to near-term demand contraction. India went into a lockdown from the last week of March 2020 leading to halted production.

Our response

Gokaldas moved with remarkable agility to communicate with our customers and realign production plans and deliveries based on the lockdown imperatives. The team ensured that deferred orders were prudently re-planned while ensuring raw material linkages. The factories were switched to producing PPEs which were in need at the time of the peak pandemic. As soon as the lockdown was lifted, the factories prioritised work for key customers and ensured that pending orders were fulfilled with alacrity.

Impact and protection from the pandemic

Impact

- Closed factories from March 24, 2020 to May 3, 2020.
- Operated factories for PPE production only with Government permission.
- Resumed manufacturing partially with social distancing on May 4, 2020
- Partially cancelled and deferred orders resulting from the lockdown, which impacted our Q1 performance.

Investors

- Sustained focus on a healthy Balance Sheet.
- Focused on cost rationalisation.
- Tightened cash management by deferring capex and other expenses where possible.
- Renegotiated supplier terms and ensured that an extra line of credit was available from banks for contingency.

Customers

- Leveraged new business opportunities and addressed a national need by entering PPE manufacturing. Emerged as one of the leading high-quality PPE producers in the country, which generated cash flows while the lockdown was in effect.
- Initiated structural corrections by realigning capacities to market demand and bringing down fixed costs and thereby breakeven levels.
- Initially protected deliveries through alternative sourcing.
- Engaged with them to inform them of operations resumption.
- Maximised precautions during product shipments.
- Introduced the manufacture of personal protective equipment.
- Had to suitably realign the business based on the new pandemic-induced reality that some of our customers were now financially challenged.

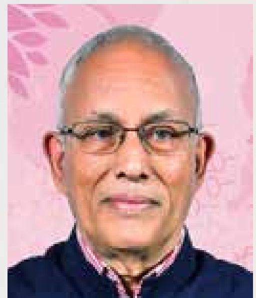
Community

- Distributed around 1 lakh face masks to the communities around our factories through the local district commissioners.
- Supplied PPEs to the government to protect frontline healthcare workers.

Employees

- Initiatives to protect mental, physical and financial well-being.
- High workplace safety / sanitation standards.
- Smooth transition to working from home.
- Facilitated secure virtual meetings.
- Zero downtime for critical systems (order management system, website, mobile and production systems).
- Regulated the operations and support infrastructure and team to business needs.
- Mandating safe distancing protocol, wearing of masks, dispensing hand sanitizers, scanning employees for body temperature using infrared thermometers.
- Ensuring a clean and safe workplace environment through the continuous sanitisation of workstations and common areas and driving awareness among employees of do's and don'ts to prevent transmission of the virus.
- Creation of a task force to handle emergencies with clear roles and responsibilities.
- Salary costs were aligned to business flow.

BOARD OF DIRECTORS



Mr. Richard B Saldanha,
Chairman & Non-Executive Independent Director

Ms. Anuradha Sharma,
Non- Executive Independent Director

Mr. Gautham Madhavan,
Non- Executive Director

Mr. Mathew Cyriac,
Non- Executive Director

Mr. Prabhat Kumar Singh,
Executive Director

Mr. Sivaramakrishnan Ganapathi,
Managing Director

Our 2020-21 goal: Match the revenues of 2019-20

6

strategies that we have embarked on protect shareholder value in 2020-21

1

Protect team morale

Strengthening engagements with our people through constant communication

Engaging closely with factory employees to reduce attrition

2

Customer engagement

Impressing upon them that our core capability remains protected

Reinforcing our strong credentials

Capitalising on global supplier consolidation

Staying high on customer engagement

Working closely to adapt to customer destocking / restocking needs

Updating customers about ramp up / precautions and preparedness

3

Manufacturing efficiency

Focusing on running operations at high levels of efficiency

Sweating assets with the objective to recover our production loss of Q1 FY21

4

Delivery deferrals

Re-scheduling export deliveries starting July 2020

Addressing Q4 2019-20 order backlog in Q1 2020-21

5

New revenue streams

Building upon the opportunity presented in the healthcare space, leveraging our expertise in the design and manufacture of PPEs

Continuing supplies to Government of India and institutional customers

Targeting global markets by leveraging our capabilities

6

Cost austerity

Identifying and eliminating wasteful expenditure

Continuing structural corrections for long-term health

Freezing capital expenditure till business certainty revives

Focusing on lean operations

HOW WE KICK-STARTED A REVENUE GROWTH ENGINE

Overview

One of the most effective ways in which the Company has reinvented itself in the last few years has been in the marketing of its capabilities to prospective global customers.

In a sector marked by a global and fragmented supply base, the Company outlined priorities: that it would design, manufacture and deliver products that would take the business of its customers ahead. The Company strengthened its design team to align with evolving global customers and market preferences; the Company emphasised its ability to deliver on time and in-full; it promised the right quality so that there would be no call outs; it consciously addressed the complex apparel segment; it made a forward-looking investment in zero liquid discharge system in its laundry operations, reinforcing its commitment to environment responsibility.

Besides, the Company strengthened its product and resource traceability and documentation.

The outcome of these initiatives translated into customer accretion: the Company added 7 marquee customers in 2018-19 and 3 in 2019-20. The proportion of 2019-20 revenues derived from customers added in the last two years was 8%. This helped the Company report its highest annual revenue increment of 17% during the year under review.

The result of the Company's marketing focus is that Gokaldas Exports has helped strengthen the country's positioning among marquee global customers. Besides, the Company secured a leading share of deal flow originating from these customers.

How we strengthened our marketing function

CASE STUDY

Give it to GE and then forget about it!

A prominent global customer turned to Gokaldas Exports for help. With a difference. The customer merely provided a broad idea of what it wanted. The outcome was left to Gokaldas Exports to conceptualise. The Gokaldas team got to the drawing book. It worked on the handfeel, drape, additional construction, and overall value-addition. When the Company presented its finished products, the global client was astounded. Not only with the product but also with the way that Gokaldas Exports had taken an idea and built it into a successful product.

CASE STUDY

Gokaldas will get it done!

When Gokaldas Exports positioned itself as an alternative linen supplier in a China-dominated space, there was a lack of belief: 'How will you be able to compete? How will you be able to match the overall Chinese price-value proposition?' Gokaldas Exports rose to the challenge. The Company took a trial order and presented it within 120 days compared with prevailing benchmark of 160 days. The client was impressed enough to considering revising the order of 60,000 units. The order for the following season was raised substantially.

CASE STUDY

Gokaldas is wow!

When Gokaldas Exports won its maiden order from an international brand that is a household name the world over, the order was modest. Except for the fact that the Company had pried the door open, there was nothing much to talk about. However, the Gokaldas team wowed the client, grew the account and eventually became indispensable. And that is how the strategy played out. By the third year, Gokaldas had emerged among the largest suppliers to this global brand. Today, in the space of a few years, Gokaldas has won a coveted distinction. The Company is being described with two special words: Strategic supplier.

Big number

8

% of 2019-20 revenues from customers added in the last two years

Customers

35

Customers, 2019-20

Our marketing strategy

Our customer-focused initiatives

Addressing large international labels

Work with growing companies

Identify clients who can provide perennial work

Worked with customers with a multi-brand presence

Focused on customers with multi-product exposure

Strategic advantages

Number of 'customers' within a customer

Repeat business possibilities

Lateral opportunities within existing customers

Round-the-year engagement

De-risked across products and brands

Our product diversification strategy

High fashion garments

Outerwear

Industrial work wear

Healthcare garments

Denims

Sportswear

HOW WE STRENGTHENED OUR OPERATIONAL ENGINE

Overview

In a demanding business where we need to work with hundreds of inputs and components, there is a premium on timely aggregation of resources and management of manufacturing variables with the aim to achieve three most critical objectives: provide material on time, deliver the right quality and deliver in full.

During the last few years, the Company embarked on a number of initiatives to strengthen its manufacturing competencies.

One of the most decisive interventions made by the Company comprised the recruitment of professionals from within and other industries who brought in new competencies. The result was that the Company explored new ways of addressing conventional challenges, transforming the prevailing culture

The Company made the following forward-looking investments:

- Invested in ERP, Production Management Systems and Controls
- IOT-enabled machines, smart factories and supply chain automation
- Focused on extensive data capture and analytics
- Introduced a video-analyses of operations to enhance insights

from ‘Why?’ to ‘Why not?’

Besides, the Company accelerated the digitalisation of manufacturing operations. This was done with the objective to enhance operational efficiency and effectiveness, increase awareness of performance drivers and strengthen a culture of informed decision-making.

The result of these initiatives was a lower turnaround time in operational corrections, availability of a data-driven environment that provided a standard reference, increased access to data as the basis for decision-making and a superior management of components from cutting to packing in the assembly line.

The Company strengthened its supply chain and put in processes to manage change better and faster across 200 lines and 85 concurrent styles. As component delivery standards to internal customers improved, the Company adjusted faster to small batch needs; line idling declined.

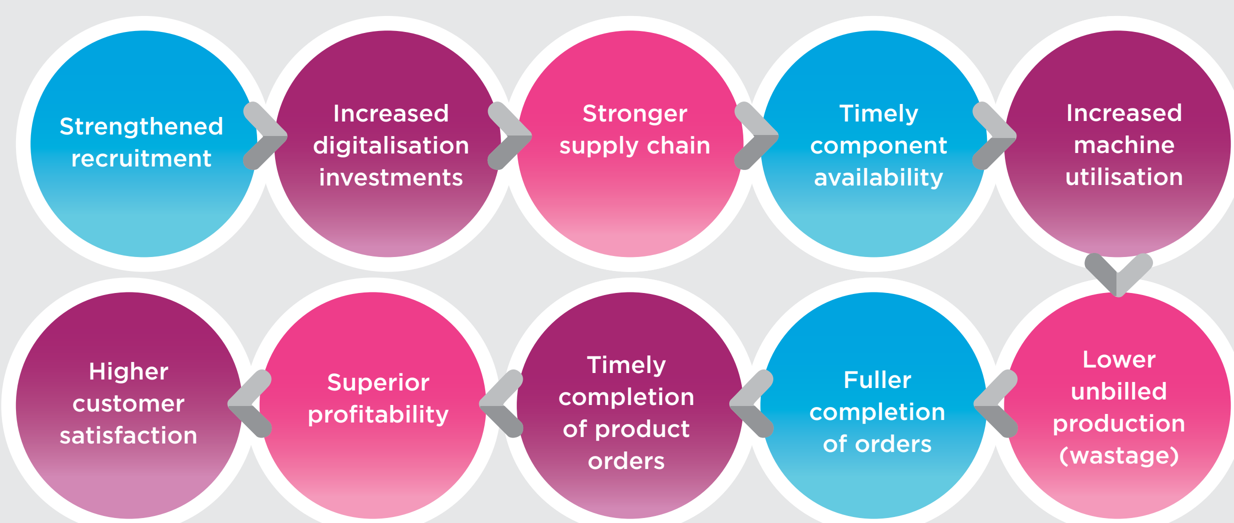
The result of these initiatives was that supply chain efficiency increased every single year in the three years ending 2019-20; this provided the shopfloor manufacturing teams with an enhanced availability of inputs and components that made it possible for them to minimise equipment idling. As timeliness of product manufacture increased, the Company was able to deliver completed apparel orders in full, which reduced waste and increased revenues.

As the Company strengthened its delivery dependability, it adjusted to shorter delivery schedules required by its customers that empowered them to launch collections faster and generate a larger subsequent order from the same customer.

The cumulative impact of this translated into lower costs, higher revenues and increased order flows, transforming the Company’s profitability.

In turn, the combination of increased quality consistency, enhanced on-time delivery and sustained in-full delivery strengthening the Company’s position as a dependable extension of the customer’s business, strengthening respect among global marquee apparel customers, improving order flow.

How we strengthened our manufacturing function



Our supply chain efficiency (%)

<55
In 2016-17

67
In 2017-18

78
In 2018-19

81
In 2019-20

Our waste management (%)

4
Unbilled production, 2016-17

4.8
Unbilled production, 2017-18

3.1
Unbilled production, 2018-19

2.7
Unbilled production, 2019-20

The results of our operational streamlining

Gokaldas reported higher in vendor rating exercises carried out by customers

Gokaldas became a critical member of the customer's eco-system

The Gokaldas brand evolved in the global markets as a quality player

HOW WE STRENGTHENED OUR FINANCIAL FOUNDATION

Overall priority
At the start of the last financial year, the principal objective facing the Company was to grow the business without a proportionate increase in costs that would enhance revenues, margins and profit. The Company was advantageously placed; the customer accretion in 2018-19 – the first such instance in years - provided the Company with superior revenue visibility. The possibility of adding more customers in 2019-20 enhanced prospects during the year under review, catalysing business momentum.

Performance
The Company reported a commendable operating performance during the year under review before the deduction of exceptional unforeseen expenses. Even as revenues increased 17%, pre-tax profit (on a comparable like-for-like basis) almost doubled from ₹26 crores in 2018-19 to ₹54 crores in 2019-20 if adjusted with like-for-like parameters. The sharp increase in profitable growth validated the intrinsic profitability of the business and profit sensitivity to an increase in revenues.

Unforeseen setbacks
However, two developments during the year under review – the withdrawal of an export incentive by the Indian government and a revision in the labour wage agreement, both with retrospective impact – impaired the Company's surplus during the year under review. More importantly, sales agreements had been forged with customers on the basis of the then existing incentives and wage structure; their revision ensured retrospective impact coupled with less profitable sales. Given these realities, the Company did well to report a 15% growth in profit after tax in 2019-20 following a 17% increase in revenues.

Improvements
The Company's competitiveness during the year under review was achieved through a complement of the following realities: the ability to manufacture a complex product mix, enhanced order accretion and corresponding sales growth; increased volumes made it possible for the Company to amortise fixed costs more effectively; an increase in output without a corresponding growth in gross block enhanced cash flows; a focus on waste reduction strengthened return on invested capital.

Pandemic challenge
The outbreak of the pandemic from the first quarter of the calendar year affected the Company's business – whether it was in the form of resource access or the sale of products across international geographies. The impact of this was largely experienced during the last quarter of the last financial year. This included a period of nearly seven days when the Company's manufacturing facilities were completely closed, resulting in a notional 'loss' to the tune of 8-9% of the quarter's revenue (based on contracted sales and costs incurred).

Strengthening working capital management
One of the big achievements of the Company during the financial year under review was establishing the priority of 'quality' business over a singular focus on achieving quantitative growth. This priority was best showcased in superior terms of trade with customers, derived through a more integral presence within the business of its customers. A usual industry-wide working capital cycle of around 150 days was moderated to around 84 days by the Company; creditors' cycles were extended by around ten days of turnover equivalent; the bill discounting limit of ₹130 crores was moderated down to ₹55 crores; the Company moderated net debt position by ₹35 crores to ₹149 crores; the Company nursed a cash corpus of ₹36 crores as on March 31, 2020.

Objective
The objective of the Company during the current financial year will be to protect the integrity of its Balance Sheet. The Company intends to consciously moderate its cost structure by ₹20 crores through organisational right-sizing given the marketplace realities in mind. The Company intends to capitalise on the sectorial consolidation by carving a larger share of customer wallet share. The Company intends to capitalise on the operating leverage within the system, enhance output through increased human and systemic productivity. The Company expects to grow revenues from a new product line (personal protective equipment). The Company intends to protect terms of trade and working capital efficiency.

Enhancing shareholder value
The Company is attractively placed to protect and enhance shareholder value. Even during the trough of the lockdown the Company possessed net debt of only ₹159 crores (as on June 30, 2020). We believe that shareholder value can be enhanced by maximising sales at a time of sectorial de-growth without compromising margins.

SUPERIOR WORKING CAPITAL MANAGEMENT

EARLIER

4.3X
INVENTORY TURNS, 2016-17,

5.1X
INVENTORY TURNS, 2017-18

4.9X
INVENTORY TURNS, 2018-19

NOW

4.6X
INVENTORY TURNS, 2019-20

EARLIER

85
RECEIVABLES (DAYS OF TURNOVER), 2016-17

76
RECEIVABLES (DAYS OF TURNOVER), 2017-18

59
RECEIVABLES (DAYS OF TURNOVER), 2018-19

NOW

41
RECEIVABLES (DAYS OF TURNOVER), 2019-20

EARLIER

138
WORKING CAPITAL CYCLE (DAYS), 2016-17

121
WORKING CAPITAL CYCLE (DAYS), 2017-18

102
WORKING CAPITAL CYCLE (DAYS), 2018-19

NOW

84
WORKING CAPITAL CYCLE (DAYS), 2019-20

BALANCE SHEET HEALTH

EARLIER

115
GROSS BLOCK (₹ CRORES), 2016-17

130
GROSS BLOCK (₹ CRORES), 2017-18

159
GROSS BLOCK (₹ CRORES), 2018-19

NOW

205
GROSS BLOCK (₹ CRORES), 2019-20

EARLIER

158
NET DEBT (₹ CRORES), 2016-17

190
NET DEBT (₹ CRORES), 2017-18

184
NET DEBT (₹ CRORES), 2018-19

NOW

149
NET DEBT* (₹ CRORES), 2019-20

EARLIER

0.93
NET DEBT-EQUITY RATIO, 2016-17

1.45
NET DEBT-EQUITY RATIO, 2017-18

0.76
NET DEBT-EQUITY RATIO, 2018-19

NOW

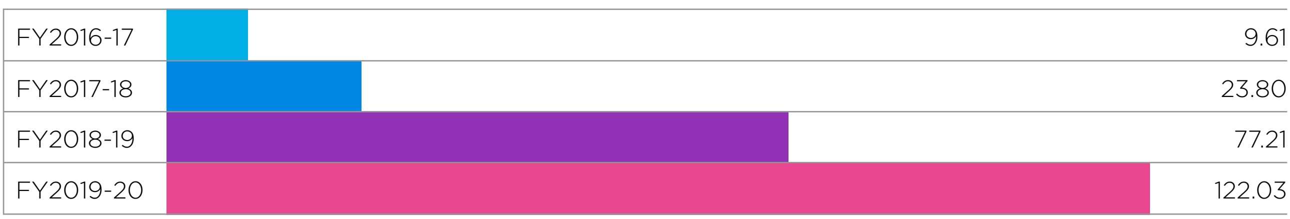
0.66
NET DEBT-EQUITY RATIO, 2019-20

**Net debt excludes bill discounting loan from the bank*

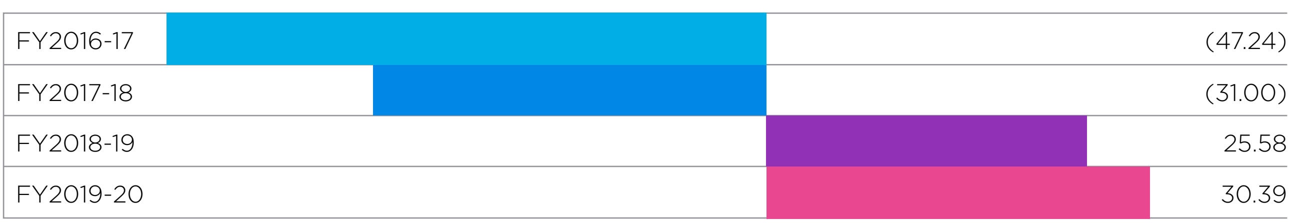
THE FINANCIAL
SECTION

REVENUES (₹ CRORE)

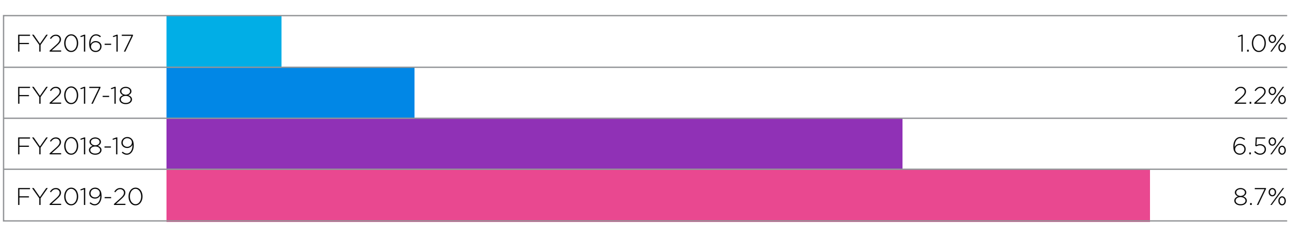
EBITDA (₹ CRORE)



NET PROFIT (₹ CRORE)

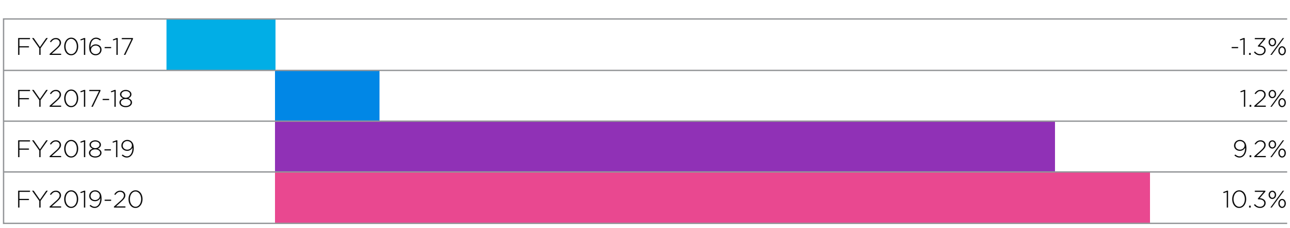


EBIDTA MARGIN (%)

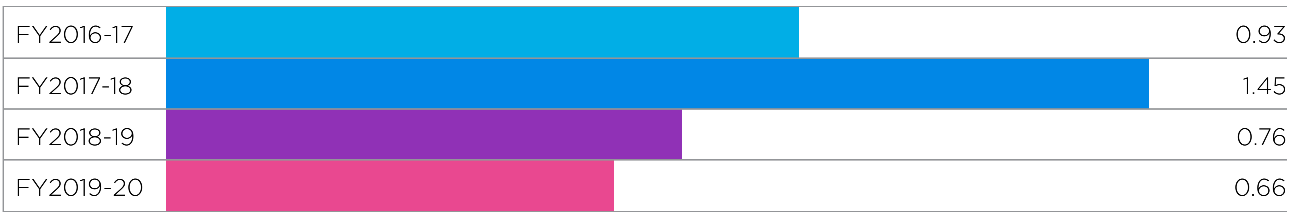


- includes exceptional items

ROCE (%)

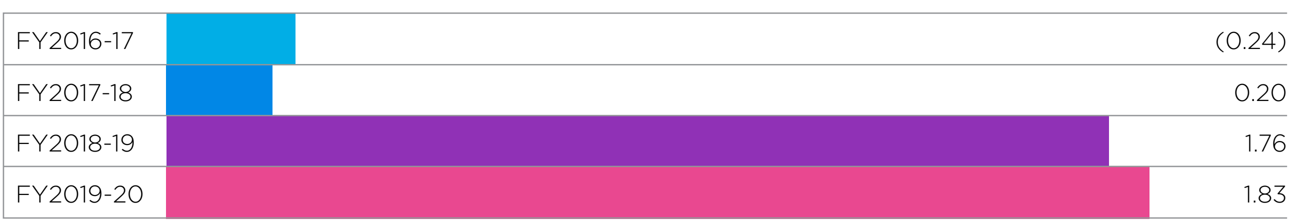


GEARING (X)



DEBT (NET) ₹ CRORES

INTEREST COVER (X)



WORKING CAPITAL AS % OF TOTAL CAPITAL EMPLOYED

CLEANER AND 'GREENER' OPERATIONS

Overview

There is a growing commitment to clean and 'green' manufacturing the world over. Companies are not just appraised for their ability to deliver first-rate quality in a timely and cost-effective way; they are being approved for their capability to deliver a holistic result that comprises environment-safety-governance responsibility.

Gokaldas' environment commitment

Our environment sustainability begins with a commitment to manufacture quality products manufactured in a responsible manner. At our Company, environment responsibility is embedded within our manufacturing operations. The reports related to our environmental performance are submitted on a periodic basis to the management, Board of Directors and pollution control units.

At Gokaldas Exports, our environment commitment is driven by a Sustainability Policy based on the evolving global standards relevant for apparel exporting companies. These policies cover themes like environment responsibility, avoidance of hazardous dyes and chemicals and use of materials that could affect environment integrity. Besides, the guidelines extend to the broader subject of holistic responsibility comprising non-use of forced or child labour, non- discrimination, access to proper training, no wage discrimination, limiting working hours to statutory levels, prevention of sexual harassment, freedom of association, health and safety and environment and security to all employees.

The Company conducts periodic internal audits and supplements this with customer audits to ensure that these norms are adhered to. The Compay invested ₹125.97 lakhs in EHS responsibility during the year under review. The results: zero reportable incidents, best-in-industry standing on Higg FEM 3 and the successful implementation of best chemical management practices in line with ZDHC requirements.

Environment

At Gokaldas Exports, we are committed to the 4R's comprising reduction, replacement, recycling and restoration. Over the years, the Company has strengthened these initiatives across its eco-system with the objective to reduce its carbon footprint. The institution of periodic third party audits of our chemical consumption strengthened our operating standard and stakeholder confidence. The Company enrolled all its factories in the Higg FEM 3 standard and stood best in the industry, consistently improving its environmental performance year-on-year.

Renewable energy

At our Company, we believe in the responsible consumption of energy derived from fossil fuel sources. We introduced LED lighting across all our manufacturing units to moderate power consumption

Restoration

At our Company, we believe that environmental preservation begins with something as basic as planting a tree. During the year under review we undertook large scale sapling plantation. A number of the Company's manufacturing units have a rainwater harvesting system where the harvested water is used extensively.

Recycling

At our Company, we believe that reuse represents one of the most effective environment management initiatives. The Company earlier installed a Zero Liquid Discharge system in its washing unit (700 KLD), the most water-intensive function in its manufacturing facility, that ensures 94% water recycling and re-use by the system following the reverse osmosis process. We dispose some by-products to vendors for onward reuse in the cement industry. The Company streamlined solid waste disposal, with most of the solid waste being sent for recycling. Used oil was also recycled.

Reduction

At our Company, we believe that moderate consumption leaves finite resources for the benefit of succeeding generations. We engaged in a number of power conservation initiatives where we replaced oil and other fuel in our boilers with organic biomass briquettes that reduced the carbon footprint and depletion of non-renewable energy sources derived from fossil fuels. The Company monitored water consumption for domestic and industrial use consistently reducing consumption year on year. The Company upgraded its sewing machines to reduce energy consumption. In the laundry, the Company upgraded to latest machines with low water and chemical consumption to reduce wastage. The Company installed variable frequency drives in compressors to reduce energy consumption.

Health and safety

At Gokaldas Exports, we prioritise the safety of our people. Even before the Government issued circulars related to the precautions concerning the Covid-19 pandemic, the Company formulated detailed precautionary guidelines as early as March 15, 2020, while a lockdown was enforced from March 24, 2020.

The Company's guidelines comprised precautions like frequent hand washing, mandatory mask and glove requirements for workers, social distancing and regular factory sanitisation. The Company resumed operations without compromising social distancing norms.

The Company started Covid Samvada across our manufacturing facilities that comprised periodic podcasts by the resident doctor that enhanced pandemic awareness coupled with related quiz contests on program content.

The Company switched from a fingerprint biometric system to a contactless alternative, comprising bar-codes on ID cards.

A number of blood donation camps, eye camps, vendor health check-up camps were conducted, drawing the engagement of employees and neighbouring communities.

Livelihood creation

The Company employs more than 20,000 women, accounting for around 90% of the Company's workforce. The Company implemented awareness programmes related to menstrual hygiene, pregnancy, safe sex and contraception. The Company implemented sanitary napkin vending machines across all its factories.

A 'Personal enhancement and career advancement' programme provided women employees training in financial management and livelihood skill development. Another programme enhanced awareness on the prevention of sexual harassment at the workplace coupled with the institution of an Internal Complaints Committee to address related grievances.

Sakhi programme was implemented to enhance friendships at work, hand-holding new employees through the induction process and period. The Sakhis were provided intensive training that helped them graduate into shopfloor supervisors. The result is that attrition among women employees declined substantially, strengthening operational stability.

Employee engagement programmes

The Company instituted a quarterly communication programme between the management and employees on business realities. Every manufacturing unit was allocated a budget for workplace celebrations. An employee feedback system related to workplace improvement generated valuable suggestions.

Community development programmes

Gokaldas Exports is a responsible corporate citizen. The Company distributed clothes and relief materials to the flood-affected Belgavi district of North Karnataka.

During the pandemic, the Company manufactured and distributed face masks and PPEs in districts surrounding our manufacturing units and to the family members of employees.

The Company's 24X7 ambulance service addressed the emergency needs of employees and people of the neighbouring community.

Standards and Certifications:

Forest Stewardship Certificate

Global Recycle Standard

Recycle Claimed standard

Organic Content Standard

Global Organic Textile Standard

All our factories have enrolled in the Higg Index FEM 3.0 module.

Board's Report

Dear Members,

Your Directors have pleasure in presenting the seventeenth annual report on the business and operations of the Company ("Gokaldas Exports Limited" or "GEX" or "Company"), together with the audited standalone and consolidated financial statements for the financial year ended 31st March, 2020.

FINANCIAL HIGHLIGHTS

Your Company's financial highlights for the year ended 31st March, 2020 are summarized below.

(Rs. Crores)

	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Revenue from operations	1362.20	1173.37	1365.24	1174.52
Other Income	34.83	21.59	34.91	21.68
Profit before interest, tax and depreciation	123.25	77.08	122.03	77.21
Profit before tax	32.36	25.00	30.39	25.08

COMPANY'S PERFORMANCE

2019-20 was a remarkable year for your company wherein we recorded the highest-ever revenue in our history. The business from key customers was at the forefront of growth as we demonstrated, once again, our ability to capture sizeable opportunities in an agile and efficient manner. On a consolidated basis, revenue for the year was Rs. 1400 Crores, a growth of 17.1%. The revenue growth has come across all product categories over all the seasons indicating a secular and sustainable performance. Revenue from operation increased by 16%, (from Rs. 1175 Crores in FY19 to Rs. 1365 Crores in FY20) due to better traction from key operating fundamentals as well as effective execution of capacity expansion strategies. Factors that influenced such exceptional growth were higher revenue from newly acquired customers, increased wallet shares from existing customers from a diversified product portfolio, and consistency in product quality and customer service delivery. During the year, India's apparel exports declined by 4.1%. There was complete withdrawal of 4% MEIS benefits retrospectively from 7th March, 2019, which the revenue and EBITDA by Rs. 41 Crores, an upward revision of labor cost by 10% in October 2019 (retrospective effect from 1st April 2019). Despite such challenges, your company's earnings before interest, taxes, and depreciation allowance (EBITDA) for FY20 was Rs. 102 Crores (before giving the effect of exceptional items), a growth of 23% and an EBITDA margin growth of 30 basis points. Your company's PAT grew by 15%, from 26 Crores in FY19 to Rs. 30 Crores in FY20.

Your Company has made a capital investment of Rs. 41 Crores during the year on upgradation of machinery, modernization of business infrastructure. Your company's long-term strategic objective is to create value for its shareholders, employees, business partners through delivering quality products, excellence in customer relationship and satisfaction and will continue to remain focused on these initiatives for sustainable profit growth.

BUSINESS ENVIRONMENT

The Global and Indian textile industry has been affected by the outbreak of COVID-19. The coronavirus has unleashed an unprecedented event which has been so sudden and so extensive in its sweep, that it has caught the world unprepared for the economic consequences. The spread of the virus has had serious business implications and companies felt the impact owing to uncertainty in demand, raw material disruptions, labour availability and logistics constraints.

The pandemic after effects will be challenging for the business environment. India's domestic textile and apparel market is estimated to shrink by about 30% in the short term. Apparel export is anticipated to decline in 2020.

Currently, textiles and apparel manufacturing industry is undergoing major structural changes. China, a dominant player, is now seeing its share in global trade falling due to rapidly increasing domestic consumption and rising wages. The unprecedented changes propelled by the trade war and onset of COVID-19 are creating trade opportunities for competing nations like India, Bangladesh, Vietnam and Ethiopia. However, given India's large presence in the cotton value chain and the opportunities which will emerge post-pandemic, it is expected that India would achieve a much higher share of global exports. Apparel exports are estimated to reach US$ 70 billion by 2024 (Source: Textile Time April-May 2020, CITI). India has the potential to benefit significantly.

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 3 subsidiary companies. The names of these companies are as follows:

i. All Colour Garments Private Limited,

ii. SNS Clothing Private Limited and

iii. 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.

MATERIAL CHANGES

No Material Changes or commitments have occurred between the end of the Financial Year and the date of this Report which affects the financial statements of the Company in respect to the reporting year.

INDIAN ACCOUNTING STANDARDS

Pursuant to the Companies (Indian Accounting Standards) Rules, 2015, your Company has to comply with Indian Accounting Standards (IndAS) from April 01, 2017. Accordingly, the financial statements of the Company for the financial year 2019-20 have been prepared as per IndAS.

QUALIFIED INSTITUTIONAL PLACEMENT

The Company had issued 77,08,000 equity shares of Rs. 5/- each fully paid at Rs. 90/- per share (including securities premium of Rs. 85/- per share) to qualified institutional buyers on May 3, 2018 pursuant to Qualified Institutional Placement (QIP) document dated April 27, 2018, as per provision of Section 42 of Companies Act, 2013 read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules 2014, and Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 which have been listed in the respective stock Exchanges on May 4, 2018.

UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONAL PLACEMENT AS SPECIFIED UNDER REGULATION 32 (7A)

Pursuant to Regulation 32 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Statement of Deviation or Variation reviewed by the Audit Committee at their meeting held on 29th July, 2019,as below.

a. **Deviation in the use of proceeds from the objects stated in the offer document or explanatory statement to the notice for the general meeting:**

   Status - There is no deviation observed in the use of proceeds from the objects stated in the explanatory statement to the notice for the general meeting

b. **Category wise variation:**

   Status - The application money received towards allotment of equity shares raised through qualified institutional placement of Rs.69.37 Crores. As of the balance sheet date 31-Mar-2019, the Company has utilized Rs.33.87 Crores towards modernization and automation of business infrastructures and the remaining Rs. 35.50 Crores was utilized for working capital finance of the company.

The Company has completed the Utilisation of the funds raised.

CREDIT RATING

The credit rating agency ICRA has retained the credit ratings of the company same as the previous year at BBB (Outlook : Positive) for long term debt and A3+ (A Three Plus) for short term borrowings as on date of this report.

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

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.

EMPLOYEE STOCK OPTION PLAN- 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 10,000 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.

RESTRICTED STOCK UNIT - 2018

At the General Meeting via Postal Ballot held on 27th August, 2018, the shareholders approved the Restricted Stock Unit – 2018 Scheme ('RSU'). Pursuant to the approval, the Board has been authorized to offer, issue and allot stock options to eligible employees of the Company and its subsidiary Companies under RSU 2018. The maximum number of shares under the RSU 2018 shall not exceed 21,33,040 equity shares.

Out of this, your company has granted 21,33,040 stock options to the employees of Company under RSU 2018.

The relevant disclosures pursuant to Rule 12(9) of the Companies (share Capital and Debentures) Rules, 2014 and Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 is forming part of Annual Report.

SHARE CAPITAL

Consequent to conversion of stock options into equity shares, your Company's Paid Up equity share capital has gone up to Rs. 21,41,28,315 as on 31st March, 2020 from Rs. 21,40,78,315 as on 31st March, 2019.

DIRECTORS & KEY MANAGEMENT PERSONNEL

During the year, Mr. Jitendra Kumar H Mehta, Independent Director, resigned from Directorship with effect from July 18th, 2019.

Mr. Arun K Thiagarajan resigned as Independent Director w.e.f 29th July 2019.

The Board places on record the immense contributions made by Mr. Jitendra Kumar H Mehta and Mr. Arun K Thiagarajan to the growth of your Company

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company Mr. Gautham Madhavan (DIN: 02826558), Non-executive Director retires by rotation at forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The brief resume and other details as required under the Listing Regulations are provided in the Notice of the 17th Annual General Meeting of the Company.

In terms of Section 203 of the said Act, the following were designated as Key Managerial Personnel of your company by the Board:

- Mr. Sivaramakrishnan Ganapathi – Managing Director
- Mr. Sathyamurthy A – Chief Financial Officer
- Mr. Sameer Sudarshan R. V. – Company Secretary

Ms. Ramya K – Company Secretary and Compliance Officer has resigned the office w.e.f. 14th January, 2019 and Mr. Sameer Sudarshan R. V. has been appointed as the Company Secretary and Compliance Officer on 24th April, 2019.

Mr. Sathyamurthy A – Chief Financial Officer of the Company was acting as the Compliance Officer from 14th January, 2019 until 24th April, 2019.

DECLARATION BY INDEPENDENT DIRECTORS:

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(7) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

EVALUATION OF THE BOARD'S PERFORMANCE

Pursuant to the provisions of the Companies Act, 2013 and Regulations 25 of the Listing Regulations, the Board has carried out annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Stakeholders Relationship Committee. Each Board member completed a questionnaire providing feedback on the functioning and overall engagement of the Board and its committees on various parameters such as composition, execution of specific duties, quality, quantity and timeliness of flow of information, deliberations at the meeting etc. The Directors were also asked to provide their valuable feedback and suggestions about the over all functioning of the Board and its committees.

NUMBER OF MEETINGS OF THE BOARD

During the year, Seven Board Meetings were held on 24th April, 2019, 17th May, 2019, 29th July, 2019, 13th September, 2019, 14th November, 2019, 4th February, 2020 and 2nd March, 2020. The Particulars of Directors & their attendance during the financial year 2019-20 has been disclosed in the Corporate Governance Report forming part of this Annual Report.

For details of the Committees of the Board, please refer to the Corporate Governance 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 responsibilities are as detailed in the report on Corporate Governance.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Management states that:

I) In the preparation of the annual accounts for the year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

II) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit of the Company for that period;

III) They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;

IV) They have laid down Internal Financial Controls to be followed by the Company and the Audit Committee of the Board of Directors shall ensure that the Internal Control is adequate and robust;

V) The annual accounts are prepared on a going concern basis

VI) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were 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:

Environment:

1. Resource conservations activities like monitoring of water consumption control of water usage projects were implemented.
2. Successfully implemented ZLD project (Zero Liquid Discharge) wherein more than 90% of waste water is recycled and reused for the laundry application
3. Revamped our water holding tanks into Rain water harvesting tanks and also increase the ground water recharge
4. Use of non-hazardous chemicals for laundry and printing processes which are approved or

authorised by ZDHC team and sourced from suppliers who are registered with ZDHC

5. Company has invested in upgrading the machineries which will enhance our Productivity, Quality and ultimately save more on Energy, Water and chemical consumption
6. Increased the green belt area by sapling more than 2000 No's in and around of our factories in collaboration our customers
7. As an initiative towards Clean energy, peripheral lighting of factories are powered using Solar Energy

Health & Safety:

1. Enhanced our internal audit protocols to ensure fire and building safety is adhered at all times (LABS audit: Life And Building Safety)
2. Achieved Zero Reportable accidents at all our factories
3. Periodical training and awareness to employees on health & safety chapters, Personal Hygiene, Personal Protective Equipments (PPEs) etc.,
4. Improved the ventilation at all factories to ensure good amount of ambient air is provided to achieve healthy working environment
5. Periodical Risk assessment is conducted and appropriate countermeasures are implemented to minimise the Risk to employees
6. Periodical medical tests are conducted for the employees working at sensitive areas
7. Full time medical staff are available to address any medical emergencies and health awareness is been provided by medical experts
8. Periodical disinfection of all factories are carried out to keep factories away from pests, virus etc.,
9. MAH guidelines are being strictly followed to contain spread of COVID-19 at work places
10. COVID task force has been created in every factory to deal with any emergencies
11. Enhanced the CCTV coverage area at all factories to strengthen our surveillance system

Employee Engagement:

1. HER projects like Health & Finance (HER – Health Enabled Returns) are being implemented at our factories to enhance employee knowledge on personal health and to manage financial conditions independently
2. Sakhi Program are driven across the units systematically to reduce the early attrition and absenteeism, This has resulted commendable returns to the company
3. Skill enhancement programs are undertaken and Individual employee skills are evaluated and enhanced to next level through continuous on job training and classroom sessions
4. Workplace Co-operation Programme is being implemented at some factories to enhance the cooperation and communication between employee and management

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

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section. The Audit committee of the Company has proposed on 8th August, 2018, the Board of Directors of the

Company has recommended the appointment of MSKA & Associates, Chartered Accountants (ICAI Firm registration number: 105047W) as statutory auditors of the Company. MSKA & Associates, Chartered Accountants (ICAI Firm registration number: 105047W) will hold office for a period of five consecutive years from the conclusion of 15th Annual General Meeting of the Company till the conclusion of 20th Annual General Meeting to be held in the year 2023, subject to the approval of shareholders of the Company.

Pursuant to the amendment to Section 139 of the Companies Act, 2013 effective from May 07, 2018, ratification by shareholders every year for the appointment of statutory Auditors is no longer required and accordingly, the Notice of ensuing 17th Annual General Meeting does not include the proposal for seeking Shareholders approval for ratification of Statutory Auditors appointment.

No qualification, adverse remarks or disclaimer made by the Statutory Auditors with regards to the financial statements for the financial year 2019-20.

The statutory Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

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. Your Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

The Secretarial Audit Report is given in Annexure to this Report. The Report does not contain any qualification, reservation or adverse remark.

Also the Secretarial Audit Report issued under Regulation 24A of SEBI Listing Regulations is given in Annexure to this Report.

As required under SEBI Listing Regulations, your company has obtained a certificate from the Practising Company Secretary that none of the Directors of the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors by MCA/Statutory Authorities. The said certificate is forming part of this 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. 1,05,890.29 Lakhs

Out go: Rs. 19,964.44 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 AND 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, 11 complaints of sexual harassment were received and resolved.

EXTRACT OF THE ANNUAL RETURN

Relevant extract of annual return in Form MGT-9 as required under Section 92(3) of the Act read with Rule 12 of Companies (Management and Administration) Rules, 2014 (as amended) to be filed with the Registrar of Companies for the financial year 2019-20 is given in Annexure to this Report. In terms of the requirements of Section 134(3)(a) of the Act, the complete Annual Return shall be made available on the Company's website and can be accessed from the Website of the Company at www.gokaldasexports.com.

INTERNAL CONTROL SYSTEMS

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. Internal Audit is carried out in a programmed way and follow up actions were taken for all audit observations.

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 the 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.

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.

STATEMENT OF EMPLOYEE REMUNERATION

The information required pursuant to Section 136(1) of the Companies Act, 2013, the Report of the Board of Directors is being sent to all the shareholders of the Company excluding statement prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Statement is available for inspection by the shareholders at the registered office of the Company.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Your Company has a Vigil mechanism and has established a Whistle Blower Policy, as per the requirement of the Companies Act, 2013 and the Listing Obligations and Disclosure Requirements Regulations 2015, to enable all employees and the Directors to report in good faith any violation of the policy. The Audit Committee of the Board oversees the functioning of Whistle Blower Policy. Your Company has disclosed the details of revised Whistle Blower Policy on its website www.gokaldasexports.com

PREVENTION OF INSIDER TRADING

Your Company has adopted a code of conduct for prevention of "insider Trading" as mandated by the SEBI and same is available on the website of the Company www.gokaldasexports.com. The said policy has been revised effective from April 1, 2019 in line with SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

CODE OF CONDUCT

Your Company has laid down a Code of Conduct Policy which can be accessed on the Company's Website: www.gokaldasexports.com

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
For **Gokaldas Exports Limited**

Sd/-
Richard B. Saldanha
Chairman

Place: Bengaluru
Date: 29th July, 2020

Sd/-
Sivaramakrishnan Ganapathi
Managing Director

FORM AOC - I

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 / Associates Companies / Joint Ventures, Part A- Subsidiaries.

Amount in Rs. Lakhs.

Sl. No	Name of the Company	All Colour Garments 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	31^{st} March, 2020	31^{st} March, 2020	31^{st} March, 2020
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
3	Share Capital	2.00	2.00	2.00
4	Reserves & Surplus	368.76	1304.75	95.65
5	Total Assets	371.31	1559.01	97.90
6	Total Liabilities	0.55	252.26	0.25
7	Investments	-	0.02	-
8	Turnover	-	625.28	-
9	Profit before taxation	(0.30)	(196.56)	(0.37)
10	Provision for taxation	-	-	-
11	Profit after taxation	(0.30)	(196.56)	(0.37)
12	Proposed Dividend	-	-	-
13	% of Shareholding	100%	100%	100%

Note: Names of Subsidiaries which are yet to commence operations - Not Applicable

Section 197 (12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:

1) Ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year

Sl. No	Name	Designation	Remuneration Paid FY 2019-20 (Rs. lakhs)	Remuneration Paid FY 2018-19 (Rs. lakhs)	Increase in remuneration over previous year (Rs. lakhs)	Ratio/ times per Median of employee remuneration
1	Mr. Sivaramakrishnan Ganapathi*	Managing Director	188.76	171.60	17.16	79.46
2	Mr. Prabhat Kumar Singh**	Whole time Director	65.00	38.27	26.73	27.36

*Includes fixed pay, does not include ESOP/Bonus and perquisite value

** Mr. Prabhat Kumar Singh (Executive Director), appointed w.e.f. November 12, 2018 as additional director, (appointed as Executive Director w.e.f. January 03, 2019)

1) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, in the financial year:

   Mr. Sivaramakrishnan Ganapathi – Managing Director – 10%

   Mr. Prabhat Kumar Singh – Whole Time Director (Appointed w.e.f. 12th November, 2018) – Nil

   Mr. Sathyamurthy. A, Chief Financial officer – 5%

   Mr. Sameer Sudarshan R. V., Company Secretary (Appointed on 24th April, 2019) – Not Applicable

2) The percentage increase in the median remuneration of employees in the financial year: - 7%

3) The number of permanent employees on the rolls of Company as of 31 March, 2020: 26,605

4) The explanation on the relationship between average increase in remuneration and Company performance: in line with Industry Practice

5) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.

   In line with the Industry and market, the KMPs salary was revised.

6) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the Current financial year and previous financial year:

Particulars	31st March, 2020	31st March, 2019	% Change
Market Capitalization (Rs. Crores)	139	401	-65%
P/E Ratio	4.29	15.39	-72%

7) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

   Increase in non-managerial salaries were in line with industry practice and market conditions.

8) Comparison of remuneration of each of the Key Managerial personnel against the performance of the Company (as % of revenue)

Particulars	% Revenue
Mr. Sivaramakrishnan Ganapathi – Managing Director	0.278%
Mr.Prabhat Kumar Singh –Whole Time Director	0.046%
Mr. Sathyamurthy A – Chief Financial Officer	0.101%
Mr.Sameer Sudarshan R. V.– Company Secretary (Appointed w e f 24th April, 2019)	0.010%

9) Key parameters for any variable component of remuneration availed by the directors – revenue and operational profitability

10) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year – None

11) Affirmation that the remuneration is as per the remuneration policy of the Company - The Company affirms that the remuneration is as per the remuneration policy of the Company.

DETAILS OF STOCK OPTIONS PURSUANT TO SEBI (SHARE BASED EMPLOYEE BENEFITS REGULATION, 2014

Sl. No	Description	ESOP Scheme- 2010	RSU -2018 Plan
A)	No. of Options available under Scheme	17,18,800	21,33,040
B)	No. of Options Granted during FY 2019-20	Nil	Nil
C)	The Pricing Formula	The exercise price for the purposes of the grant of options as decided by the ESOP Compensation Committee is Rs.32.25, 60.95, 80.20, 72.55 and 85.96, the price being not less than the Par value of the equity share of the Company and not more than the market price as on 20th May, 2013, 1st Feb, 2014, 13th Aug, 2014, 30th May 2016 and 3rd Oct, 2017 respectively being relevant date subject to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999.	
D)	Options vested during FY 2019-20	179,998	Nil
E)	Options Exercised during FY 2019-20	10,000	Nil
F)	The total number of shares arising as a result of exercise of option	741,663	Nil
G)	Options lapsed FY 2019-20	33,334	35,000
H)	Variation Terms of Options	Nil	Nil
I)	Money Realized by exercise of options	Rs.322,500	Nil
J)	Total Number of Options in Force as on March 31,2020	541,667	20,98,040

K)	Employee-wise details of options granted to	Details as under :	Details as under:
	i) Senior Managerial Personnel	Yes 1. Mr. Sivaramakrishnan Ganapathi Managing Director 2. Mr. Sathyamurthy A Chief Financial Officer 3. Mr.Poorana Seenivasan - President	Yes 1. Mr. Sivaramakrishnan Ganapathi Managing Director 2. Mr. Sathyamurthy A Chief Financial Officer 3. Mr.Poorana Seenivasan President 4. Mr. Lal Sudharkaran President
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year	Nil	Nil
	iii) Identified employees who were granted option , during any one year , equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Mr. Sivaramakrishnan Ganapathi – Managing Director
L)	Diluted Earnings Per share (DPS) pursuant to issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (IndAS) 33 "Earnings Per Share"	Rs.6.67	Rs.6.67
M)	i) the Method of calculation of Employee Compensation Cost	Fair valuation by using Black Scholes Merton Model	Fair valuation by using Black Scholes Merton Model
	ii) Difference between the employee compensation cost so computed at (i) above and the employee Compensation Cost that shall have been recognized if it had used the fair value of options	Nil	Nil
	iii) The impact of the difference on profits and on EPS of the Company	Nil	Nil
N)	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price	Weighted average Exercise Price Rs. 32.25 Weighted average Fair Value Rs. 26.56	Not Applicable
O)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information :	Fair Value Method of accounting	Fair Value Method of accounting
	1) Risk-free interest rate	Not applicable	Not applicable
	2) Expected life		
	3) Expected volatility		
	4) Expected dividends		
	5) Price of underlying share in market at the time of option grant		

To,
The Members,
Gokaldas Exports Limited,
No. 16/2, Residency Road
Bengaluru– 560025.

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the further viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Signature:

Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
UDIN: F005553B000387671

Place: Bengaluru
Date: June 26, 2020

543/A, 7th Main,
3rd Cross, S. L. Bhyrappa Road,
Hanumanthnagar,
Bengaluru – 560 019.

Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST March, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Gokaldas Exports Limited,
No. 16/2, Residency Road
Bengaluru– 560025.

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Gokaldas Exports Limited (hereinafter called the company). Secretarial Audit was conducted in the manner that provided mea reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Gokaldas Exports Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, Ihereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Gokaldas Exports Limited ("the Company") for the financial year ended on 31st March, 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [provisions of Overseas Direct Investment and External Commercial Borrowings are not applicable];

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not Applicable as the Company has not issued any debt securities during the financial year under review];

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable as the Company has not delisted / propose to delist its equity shares from any stock exchange during the financial year under review]; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018. [Not Applicable as the Company has not bought back / propose to buyback any of its securities during the financial year under review];

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

The Laws as are applicable specifically to the Company are as under:

a) The Central Excise Act, 1944,

b) The Customs Act, 1962,

c) The Karnataka Value Added Tax,

d) The Central Sales Tax Act, 1956

e) The Payment of Bonus Act, 1965,

f) The Environment Protection Act, 1986,

g) The Maternity Benefit Act, 1961

h) The Factories Act, 1948,

i) The Minimum Wages Act, 1948,

j) The Payment of Wages Act, 1936,

k) The Employees Provident Funds and Miscellaneous Provisions Act, 1952,

l) The Employees State Insurance Act, 1948

m) The Payment of Gratuity Act, 1972,

n) The Industrial Disputes Act, 1947,

o) The Employees Compensation Act, 1923,

p) The Equal Remuneration Act, 1976 and

q) Karnataka Shops and Establishment Act, 1961

r) The Goods and Service Tax Act, 2017

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

(ii) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above:

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the Board of Directors duly recorded and signed by the Chairman, the decisions were unanimous and no dissenting views were required to be recorded.

I further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Managing Director and taken on record by the Board of Directors at their meeting(s), I am of the opinion that the management of the Company has adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

Signature:

Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
UDIN: F005553B000387671

Place: Bengaluru
Date: June 26, 2020

543/A, 7th Main,
3rd Cross, S. L. Bhyrappa Road,
Hanumanthnagar,
Bengaluru – 560 019.

Certificate pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members,
Gokaldas Exports Limited,
No. 16/2, Residency Road
Bengaluru– 560025.

I have examined the relevant registers, records, forms and returns filed, notices and disclosures received from the Directors, minutes books, other books and papers of Gokaldas Exports Limited having CIN L18101KA2004PLC033475 and having registered office at Gokaldas Exports Limited, No. 16/2, Residency Road, Bengaluru – 560 025 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the LODR'), as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 09, 2018 issued by SEBI.

In my opinion and to the best of my information and according to the verifications (including DIN status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company, its officers, I hereby certify that none of the Directors who were on the Board of the Company as on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any other Statutory Authority.

Ensuring the eligibility of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

We have conducted necessary verification as much as is appropriate to obtain reasonable assurance about the eligibility or disqualification of the Directors on the Board of the Company.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
UDIN: F005553B000387649

543/A, 7th Main,
3rd Cross, S. L. Bhyrappa Road,
Hanumanthnagar,
Bengaluru – 560 019.

Place: Bengaluru
Date: June 26, 2020

Form No. MGT 9
EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L18101KA2004PLC033475
2.	Registration Date	1st March, 2004
3.	Name of the Company	GOKALDAS EXPORTS LTD
4.	Category/Sub-category of the Company	PUBLIC, LISTED
5.	Address of the Registered office & contact details	No. 16/2, RESIDENCY ROAD, BENGALURU - 560025
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MS. SHOBHA ANAND KFin Technologies Private Limited Selenium Tower B, Plot Nos. 31 & 32 Financial District Nanakramguda Serilingampally Mandal Hyderabad – 500032 India

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

Sl. No	Name and Description of main products /services	NIC Code of the Product/service	% to total turnover of the Company
1	Apparel and Clothing	14101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN / GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	All Colour Garments Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2004PTC034055	Subsidiary	100%	2(87)
2.	SNS Clothing Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17115KA2004PTC034457	Subsidiary	100%	2(87)
3.	Vignesh Apparels Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC033759	Subsidiary	100%	2(87)

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

A CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter and Promoter Group									
(1) Indian									
a) Individual/ HUF	143,233	0	143,233	0.33	249,391	0	249,391	0.58	0.25
b) Central Govt/ State Govt(s)	0	0	0	-	0	0	0	0	0
c) Bodies Corp.	13,955,957	0	13,955,957	32.60	13,955,957	0	13,955,957	32.59	-0.01
d) Financial Institutions/ Banks	0	0	0	-	0	0	0	0	0
e) Others	0	0	0	-	0	0	0	0	0
Sub-total (A) (1) :-	**14,099,190**	**0**	**14,099,190**	**32.93**	**14,205,348**	**0**	**14,205,348**	**33.17**	**0.24**
(2) FOREIGN									
a) Individuals (NRIs/Foreign Individuals)	0	0	0	-	0	0	0	0	0
b) Bodies Corporate	0	0	0	0	0	0	0	0	0
c) Institutions	0	0	0	0	0	0	0	0	0
d) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
e) Others	0	0	0	-	0	0	0	0	0
Sub-total (A) (2) :-	**0**	**0**	**0**	**-**	**0**	**0**	**0**	**0**	**0**
Total A=A(1)+A(2)	**14,099,190**	**0**	**14,099,190**	**32.93**	**14,205,348**	**0**	**14,205,348**	**33.17**	**0.24**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds/UTI	1,942,223	0	1,942,223	4.54	1,745,488	0	1,745,488	4.08	-0.46
b) Financial Institutions/ Banks	340,912	0	340,912	0.80	314,303	0	314,303	0.73	-0.07
c) Cental Govt./State Govt(s),	0	0	0	0	0	0	0	0	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	4,418,408	0	4,418,408	10.32	3,586,133	0	3,586,133	8.37	-1.95
g) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
h) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	**6,701,543**	**0**	**6,701,543**	**15.65**	**5,645,924**	**0**	**5,645,924**	**13.18**	**-2.47**
2. Non-Institutions									
a) Bodies Corporate	4,648,608	0	4,648,608	10.86	4,372,544	0	4,372,544	10.21	-0.65
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	7,724,605	618	7,725,223	18.04	8,177,962	618	8,178,580	19.10	1.06
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	9,111,787	0	9,111,787	21.28	9,348,618	0	9,348,618	21.83	0.55
c) Others									
Clearing Members	70,546	0	70,546	0.16	330,310	0	330,310	0.77	0.61
Non Resident Indians	307,412	0	307,412	0.72	467,854	0	467,854	1.09	0.37

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
NRI Non- Repatriation	151,354	0	151,354	0.35	276,475	0	276,475	0.65	0.30
Trusts	0	0	0	0	10	0	10	0	0
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**22,014,312**	**618**	**22,014,930**	**51.42**	**22,973,773**	**618**	**22,974,391**	**53.65**	**2.23**
Total (B)=(B)(1)+ (B)(2)	**28,715,855**	**618**	**28,716,473**	**67.07**	**28,619,697**	**618**	**28,620,315**	**66.83**	**-0.24**
Total (A+B):	**42,815,045**	**618**	**42,815,663**	**100.00**	**42,825,045**	**618**	**42,825,663**	**100.00**	**0.00**
Shares held by custodians, against which Depository Receipts have been issued									
i) Promoter	0	0	0	0	0	0	0	0	0
ii) Public	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**42,815,045**	**618**	**42,815,663**	**100.00**	**42,825,045**	**618**	**42,825,663**	**100.00**	**0.00**

B. SHAREHOLDING OF PROMOTER

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Clear Wealth Consultancy Services LLP	13,955,957	32.60	Nil	13,955,957	32.59	Nil	-0.01
2	Mr. Gautham Madhavan	143,233	0.33	Nil	249,391	0.58	Nil	0.25

C. CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE

S. No.	Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Clear Wealth Consultancy Services LLP	13,955,957	32.60	13,955,957	32.59
2	Mr. Gautham Madhavan	143,233	0.33	249,391	0.58

D. TOP TEN SHAREHOLDERS

SHAREHOLDING PATTERN OF TOP 10 SHAREHOLDERS BETWEEN 31/03/2019 AND 31/03/2020

S. No.	Folio/DP ID-Client ID	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the Company
1	AAMFC1103G	PBC	Opening Balance	CLEAR WEALTH CONSULTANCY SERVICES LLP	13,955,957	32.60	31/03/2019			13,955,957	32.60
			Closing Balance				31/03/2020			13,955,957	32.59
2	AACCT8123E	LTD	Opening Balance	TEESTA RETAIL PRIVATE LIMITED	2,280,513	5.33	31/03/2019			2,280,513	5.33
			Closing Balance				31/03/2020			2,280,513	5.33

S. No.	Folio/DP ID-Client ID	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year					Cumulative Shareholding during the Year	
					No of Shares	% of total shares of the Company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the Company
3	AAHCP1682K	FPI	Opening Balance	POLUS GLOBAL FUND	1,848,561	4.32	31/03/2019			1,848,561	4.32
			Sale				24/05/2019	-102,428	Transfer	1,746,133	4.08
			Closing Balance				31/03/2020			1,746,133	4.08
4	AAECH6224L	FPC	Opening Balance	CAN LAH INVESTMENTS PTE. LTD.	1,840,000	4.30	31/03/2019			1,840,000	4.30
			Closing Balance				31/03/2020			1,840,000	4.30
5	AAATC4460E	MUT	Opening Balance	L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSIN	1,733,000	4.05	31/03/2019			1,733,000	4.05
			Closing Balance				31/03/2020			1,733,000	4.05
6	AAOPS8375A	PUB	Opening Balance	SANKARANARAYANAN SANGAMESWARAN	852,331	1.99	31/03/2019			852,331	1.99
			Purchase				05/04/2019	85,198	Transfer	937,529	2.19
			Purchase				31/05/2019	44,800	Transfer	982,329	2.29
			Purchase				28/06/2019	8,364	Transfer	990,693	2.31
			Purchase				05/07/2019	23,500	Transfer	1,014,193	2.37
			Purchase				12/07/2019	3,625	Transfer	1,017,818	2.38
			Closing Balance				31/03/2020			1,017,818	2.38
7	AACCI5037L	FPI	Opening Balance	INDIA OPPORTUNITIES GROWTH FUND LTD - PINEWOOD STR	700,000	1.63	31/03/2019			700,000	1.63
			Sale				31/05/2019	-95,393	Transfer	604,607	1.41
			Sale				27/03/2020	-400,000	Transfer	204,607	0.48
			Sale				31/03/2020	-204,607	Transfer	0	0.00
			Closing Balance				31/03/2020			0	0.00
8	ABPPG9918B	PUB	Opening Balance	PATHIK SHYAMSUNDER GANDOTRA	648,000	1.51	31/03/2019			648,000	1.51
			Sale				08/11/2019	-48,000	Transfer	600,000	1.40
			Purchase				06/12/2019	25,000	Transfer	625,000	1.46
			Sale				20/12/2019	-25,000	Transfer	600,000	1.40
			Sale				31/12/2019	-5,400	Transfer	594,600	1.39
			Purchase				13/03/2020	5,400	Transfer	600,000	1.40
			Closing Balance				31/03/2020			600,000	1.40
9	ABXPG9138R	PUB	Opening Balance	PARVESH GANDOTRA	647,999	1.51	31/03/2019			647,999	1.51
			Purchase				31/05/2019	1	Transfer	648,000	1.51
			Sale				08/11/2019	-48,000	Transfer	600,000	1.40
			Purchase				06/12/2019	25,000	Transfer	625,000	1.46
			Sale				20/12/2019	-25,000	Transfer	600,000	1.40
			Closing Balance				31/03/2020			600,000	1.40
10	AABPS3713M	PUB	Opening Balance	CHETAN JAYANTILAL SHAH	480,000	1.12	31/03/2019			480,000	1.12
			Closing Balance				31/03/2020			480,000	1.12

1. The Shares of the Company are substantially held in dematerialized form, and are traded on a daily basis and hence the date wise increase/ decrease in shareholding is not indicated.

2. Common Top 10 shareholders as on April 1, 2019 and 31st March, 2020.

E. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

S. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	**Sivaramakrishnan Vilayur Ganapathi** Managing Director (W.e.f 3rd Oct, 2017)				
	At the beginning of the year – 31st March, 2019	0	0	0	0
	At the end of the year – 31st March, 2020	0	0	0	0
2.	**Prabhat Kumar Singh** Whole time Director (wef 12th November, 2018)	0	0	0	0
	At the beginning of the year – 31st March, 2019	0	0	0	0
	At the end of the year -31st March, 2020	0	0	0	0
3.	**Arun K Thiagarajan*** Independent Director				
	At the beginning of the year – 31st March, 2019	10,000	0	10,000	0
	At the end of the year – 31st March, 2020	NA	NA	NA	NA
4.	**Anuradha Sharma,** Independent Director				
	At the beginning of the year – 31st March, 2019	0	0	0	0
	At the end of the year – 31st March, 2020	0	0	0	0
5.	**Gautham Madhavan,** Non-executive Director	0	0	0	0
	At the beginning of the year – 31st March, 2019	143,233	0.33	143,233	0.33
	At the end of the year – 31st March, 2020	249,391	0.58	249,391	0.58
6.	**Mathew Cyriac,** Non-executive Director				
	At the beginning of the year – 31st March, 2019	0	0	0	0
	At the end of the year – 31st March, 2020	0	0	0	0
7.	**Richard B Saldanha** Independent Director				
	At the beginning of the year – 31st March, 2019	0	0	0	0
	At the end of the year – 31st March, 2020	0	0	0	0

*Mr. Arun K. Thiagarajan resigned as Independent Director w e f 29th July, 2019

SHAREHOLDING OF KEY MANAGERIAL PERSONNEL

S. No.	Name of the Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	At the beginning of the year				
1	Mr. Sivaramakrishnan Vilayur Ganapathi - MD	0	0	0	0
2.	Mr. Sathyamurthy A - CFO	0	0	0	0
3.	Mr. Sameer Sudarshan R. V.- CS	0	0	0	0
	At the end of the year				
1.	Mr. Sivaramakrishnan Vilayur Ganapathi - MD	0	0	0	0
2.	Mr. Sathyamurthy A - CFO	0	0	0	0
3.	Mr. Sameer Sudarshan R. V.- CS	0	0	100	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

In Crores

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	380.70	0	0	380.70
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0.34	0	0	0.34
Total (i+ii+iii)	**381.04**	**0**	**0**	**381.04**
Change in Indebtedness during the financial year				
Addition (includes interest accrued but not due)	0	25.12	0	25.12
Reduction (includes interest accrued but not due)	13.59	0	0	13.59
Net Change	13.59	25.12	0	11.53
Indebtedness at the end of the financial year				
i) Principal Amount	365.95	25.00	0	390.95
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1.50	0.12	0	1.62
Total (i+ii+iii)	**367.45**	**25.12**	**0**	**392.57**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER:

In Rupees

S. No.	Particulars of Remuneration	Managing Director, Mr. Sivaramakrishnan Vilayur Ganapathi	Whole time Director, Mr. Prabhat Kumar Singh
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	188,76,000	65,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0
	(c) Bonus paid	50,00,000	0
	(d) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission - as % of profit - others, specify...	0	0
5	Others, please specify		
	Leave Encashment	0	0
	Variable Pay*	150,00,000	0
	Total (A)	388,76,000	65,00,000

* pertains to year 2018-19 but paid out in 2019-20

B. REMUNERATION TO OTHER DIRECTORS

In Rupees

S. No.	Particulars of Remuneration	Name of Directors						Total Amount in Rs.
		Arun K Thiagarajan, Non – executive Independent Director	J H Mehta, Non – executive Independent Director	Richard B Saldanha, Non-Executive Independent Director	Anuradha Sharma – Non-Executive Independent Director	Mathew Cyriac, Non-Executive Director	Gautham Madhavan	
1	**Independent Directors**							
	Fee for attending board committee meetings	4,80,000	2,40,000	12,00,000	11,20,000	13,60,000	8,00,000	52,00,000
	Commission*	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	Total (1)	**4,80,000**	**2,40,000**	**12,00,000**	**11,20,000**	**13,60,000**	**8,00,000**	**52,00,000**
2	**Other Non-Executive Directors**							
	Fee for attending board committee meetings	0	0	0	0	0	0	0
	Commission*	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0
	Total (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	Total (B)=(1+2)	**4,80,000**	**2,40,000**	**12,00,000**	**11,20,000**	**13,60,000**	**8,00,000**	**52,00,000**
	Total Managerial Remuneration	**4,80,000**	**2,40,000**	**12,00,000**	**11,20,000**	**13,60,000**	**8,00,000**	**52,00,000**
	Overall Ceiling as per the Act	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting

* Commission for the year 2019-20 - not applicable.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount in Rs.
		Sathyamurthy A Chief Financial Officer	Sameer Sudarshan R V, Company Secretary Appointed wef 24.04.2019	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,11,24,000	13,34,000	1,24,58,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Bonus paid	0	0	0
	(d) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission - as % of profit - others, specify	0	0	0
5	Others, please specify			
	Leave Encashment	0	0	0
	Variable Pay*	30,00,000	0	30,00,000
	Total (A)	1,41,24,000	13,34,000	1,54,58,000

* pertains to year 2018-19 but paid out in 2019-20

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Corporate Governance Report

Company's philosophy on Corporate Governance

Corporate Governance is a system by which companies are directed and controlled. The Board of Directors are responsible for the governance of the company. The core principles that underpins the corporate governance of Gokaldas Exports Limited are enterprise, transparency and accountability. The responsibilities of the Board include setting the company's strategic objectives, providing the leadership and making them operational, and supervise the management of the company and reporting to shareholders on their stewardship.

Good Corporate Governance leads to long-term shareholder value creation. It brings into focus the fiduciary and trustee role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

The Securities and Exchange Board of India (SEBI) amended the equity listing agreement to bring in additional corporate governance norms for listed entities. These norms provide for stricter disclosures and protection of investor rights, including equitable treatment for minority and foreign shareholders. The amended norms are aligned with the provisions of the Companies Act, 2013, and are aimed to encourage companies to adopt best practices on corporate governance.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Regulation 17 and 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and presents the following Corporate Governance Report for the year 2019-20, based on the said disclosure requirements.

Board of Directors

The Board is headed by an Independent and Non-Executive Chairman, Mr. Richard B. Saldanha, and is composed of eminent persons with considerable professional experience in diverse fields viz, manufacturing, marketing, finance, banking, legal, management and commercial administration and comprises of a majority of Non-Executive & Independent Directors. The Gokaldas Exports Board is a balanced Board, comprising of Executive and Non-Executive Directors. As on this date of report, the Board consists of 6 members, 4 of whom are Non- executive, out of which 2 are Independent Directors.

The composition of the Board and category of Directors as on this date of Report:

Sl. No.	Name of Directors	Category
1.	Mr. Richard B. Saldanha	Non-Executive & Independent Director & Chairman
2.	Ms. Anuradha Sharma	Non-Executive & Independent Director
3.	Mr. Gautham Madhavan	Non-Executive Director
4.	Mr. Mathew Cyriac	Non-Executive Director
5.	Mr. Sivaramakrishnan Ganapathi	Executive Director-Managing Director
6.	Mr. Prabhat Kumar Singh	Executive Director

Meetings

The meetings of the Board of Directors are normally held at the Company's Registered Office in Bengaluru. During the year under review, 7 (seven) meetings were held on 24th April, 2019; 17th May, 2019; 29th July, 2019; 13th September, 2019; 14th November, 2019; 4th February, 2020 and 2nd March, 2020.

The Company Secretary prepares the agenda and explanatory notes, in consultation with the Chairman and & Managing Director and circulates the same well in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board is provided with the relevant information as stipulated in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Meetings are governed by a structured agenda.

The details of the Board meetings for the financial year 2019-2020 are as under:

Sl. No.	Date of the Board Meeting	Board Strength	No of Directors Present
1.	April 24, 2019	8	8
2.	May 17, 2019	8	8
3.	July 29, 2019	7	7
4.	September 13, 2019	6	6
5.	November 14, 2019	6	6
6.	February 4, 2020	6	6
7.	March 2, 2020	6	6

The last Annual General Meeting (AGM) was held on Friday, September 13th, 2019 at 2.30 PM

Particulars of the directorship of the Board, membership and office of the Chairman of Board Committees across all Companies as on 31st March, 2020 and attendance at the Board Meetings of the Company are given below:

Directors Details:

Sl. No.	Name	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships as on report date			Other listed entities where directors of the Company held directorships	
			No. of Board Meetings		Whether present at last AGM	Directorships*	Committee Memberships**	Committee Chairmanships	Name of Listed Entity	Category
			Held	Attended						
1	Mr. Richard B. Saldanha	Chairman & Non- Executive Independent Director	7	7	Yes	5***	6	2	Entertainment Network (India) Limited	Independent Director
2	Mr. Sivaramakrishnan Ganapathi	Executive Director – Managing Director	7	7	Yes	1	1	0	-	-
3	Mr. Prabhat Kumar Singh	Executive Director	7	7	Yes	4****	0	0	-	-
4	Mr. Mathew Cyriac	Non-Executive Director	7	7	Yes	9	4	1	AllCargo Logistics Limited	Non-Executive, Independent Director
5	Mr. Arun K. Thiagarajan(1)	Non-Executive and Independent Director	3	3	No	NA	NA	NA	-	-
6	Mr. Jitendrakumar H Mehta(2)	Non-Executive and Independent Director	2	2	No	NA	NA	NA	-	-
7	Ms. Anuradha Sharma	Non-Executive and Independent Director	7	7	Yes	3	1	0	-	-
8	Mr. Gautham Madhavan	Non-Executive Director	7	7	Yes	8	0	0	-	-

*Directorship Excludes Foreign Companies (includes only listed, unlisted and private limited companies), Directorship includes Gokaldas Exports Limited and its subsidiaries.

**As required by Regulation 26 of the Listing Regulations, the disclosure includes membership/chairpersonship of the Audit Committee and Stakeholders Relationship Committee. (in listed and unlisted companies including that of the Company)

*** Mr. Richard Saldanha was appointed as additional director of M/s. Pridhvi Asset Reconstruction And Securitisation Company Limited with effect from 18th July 2020. The number of Directorships as on 29 July 2020 is 5. The number of Directorships as on 31st March, 2020 was 4.

****Mr. Prabhat Kumar Singh was appointed as an additional director of SNS Clothing Private Limited with effect from 27th July, 2020. The total number of Directorships as on 29th July, 2020 is 4. The number of Directorships as on 31st March, 2020 is 3

NOTE:

1. Mr. Arun K. Thiagarajan resigned as Independent Director w e f 29th July, 2019
2. Mr. Jitendrakumar H Mehta resigned as Independent Director w e f 18th July, 2019

Remuneration to Executive Director

(Rs in Lakhs)

Name of the Director	Designation	Total
Mr. Sivaramakrishnan Ganapathi	Managing Director	388.76*
Mr.Prabhat Kumar Singh	Whole-time Director	65.00

*includes variable pay of Rs.150 Lakhs pertaining to the year 2018-19 but paid out in 2019-20

The terms and conditions of the executive director's appointment and remuneration are governed by the resolution passed by the shareholders of his appointment. The Company has entered into separate agreement for the contract of services with the executive director.

Independent Directors are entitled to sitting fee only and are not entitled to any remuneration. The Board of Directors have proposed to pay commission of 1% of the net profits of the Company for a period not exceeding 5 (five) financial years, commencing from financial year ending 31st March, 2016.

No Commission is paid for the financial year 2019-20.

There is no inter-se relationship between the Board of Directors

Key Board qualifications, expertise and attributes

The Gokaldas Board comprises of qualified members who bring in their required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that the GEX Board is in compliance with the highest standards of corporate governance

The table below summarizes the key qualifications, skills and attributes which are taken into consideration while nominating candidates to serve on the Board.

Definitions of director qualifications	
Executive & International Leadership	Senior Executive experience, International Leadership experience
Financial Acumen	Senior executive experience in financial accounting and reporting, Corporate Finance, Risk and Internal Controls
Strategy	Experience in developing, implementing and challenging a plan of action designed to achieve the long term goals of an organization, mergers and acquisitions and implementation
Governance and Board	Prior experience as a Board member, industry or membership of Governance Bodies
Work, Health, Safety and sustainability	Experience related to health, safety, environment, Social Responsibility and Sustainability
Textile Industry/Manufacturing Sector	Senior Executive Experience in Textile industry/Manufacturing industry with an understanding of Group strategy, markets, competitors operational issues, technology and Regulatory concerns.
Remuneration & Selection of Board Members	Board remuneration committee membership or management experience in relation to selection remuneration of senior management, incentive programs, legislation contractual frame work governing remuneration.
Learning & Development	Experience relating to education and growth of knowledge base
Regulatory and Public Policy	Legal Background or experience in regulatory and public policy
Global Experiences	Senior Management experience in Global markets exposed to a range of political, Cultural, regulatory and business environments.

In the table below, the specific areas of skills / expertise / competence of individual Board members have been highlighted. However, the absence of a mark against a members name does not necessarily mean the member does not possess the corresponding qualification or skill.

Key Board Qualifications

	Areas of Skills / Expertise / Competence									
Directors	Executive & International Leadership	Financial Acumen	Strategy	Governance and Board	Work, Health, Safety and sustainability	Textile Industry/ Manufacturing Sector	Remuneration & Selection of Board Members	Learning & Development	Regulatory and Public Policy	Global Experiences
Mr. Richard B Saldanha – Chairman	√	√	√	√	√	√	√	√	√	√
Mr. Sivaramakrishnan Ganapathi – Managing Director	√	√	√	√	√	√	√	√	√	√
Mr. Prabhat Kumar Singh – Exective Director	√	√	√	√	√	√	-	√	√	√
Ms. Anuradha Sharma – Independent Director	√	√	√	√	√	-	√	√	√	√
Mr. Mathew Cyriac – Non-Executive Director	√	√	√	√	√	√	√	√	√	√
Mr. Gautham Madhavan – Non-Executive Director	√	√	√	√	√	-	-	√	√	√

Selection of new directors

The Board is responsible for the selection of new directors. The Board delegates the screening and selection process to the nomination and remuneration committee, which consists of independent Directors. The Committee, based on defined criteria, makes recommendations to the Board on the induction of new directors.

Code of Conduct

In compliance with the Listing Regulations 17 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013, the Company has framed and adopted a Code of Conduct on ethics ("the Code"). The Code is applicable to members of the Board, the executive officers and all the employees of the Company and its subsidiaries. The Code is available on our website: http://www.gokaldasexports.com.

All members of the Board, the executive officers and senior officers have affirmed compliance to the Code as on 31st March, 2020

DECLARATION ON CODE OF CONDUCT

To,
The Members
Gokaldas Exports Limited,
No. 16/2, Residency Road,
Bengaluru- 560 025.

This is to confirm that the Company has adopted "Gokaldas Exports Group Code of Conduct and Ethics" herein after referred as "Code of Conduct" for its employees including the officers and Board Members. In addition, the Company has adopted the Code of Conduct and Ethics for its Subsidiaries and Associate Companies.

The Code of Conduct is posted on the Company's website, http://www.gokaldasexports.com.

I hereby confirm that all the directors, officers and employees of the company have affirmed compliance to their respective Codes of Conduct and Ethics, as applicable to them for the financial year ended 31st March, 2020.

Place: Bengaluru	**Richard B Saldanha**
Date: 29th July, 2020	Chairman

Committees of the Board

In compliance with the Companies Act, 2013, Listing Agreements and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has constituted a set of committees with specific terms of reference and scope to deal with specified matters expediently. Presently, the Board has four committees:

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

1. Audit Committee

1.1 The Audit Committee of the Company is constituted in line with the requirements of the Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 read with Section 177(1) of the Companies Act, 2013("Act").

Constitution of Audit Committee:

During the period under review, the Audit Committee of the Company consisted of three members of which two are Independent Directors with vast experience in Financial Management. The Committee has been reconstituted w e f 29th July 2019 and the following members of the Committee is as under:

Sl. No.	Name of the Members	Category
1.	Mr. Richard B Saldanha	Chairperson from 29th July, 2019
2.	Mr. Mathew Cyriac	Member
3.	Ms. Anuradha Sharma	Member

Meetings and attendance of Audit Committee Members during the financial year:

During the financial year ended 31st March, 2020, 4 (Four) Meetings of the Audit Committee were held on May 17, 2019; July 29th 2019; November 14th 2019 and February 4th 2020. The composition of the Audit Committee and the number of meetings attended during the year under review are as under:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Jitendrakumar H Mehta**	1	1
Mr. Richard B Saldanha	4	4
Mr. Mathew Cyriac	4	4
Ms. Anuradha Sharma	4	4
Mr. Arun K Thiagarajan*	1	1

*Note: *Subsequent to resignation of Mr. Arun K Thiagarajan as independent director w e f 29th July, 2019, he also resigned as a Member of Audit Committee w e f 29th July 2019.*

***Subsequent to resignation of Mr. Jitendrakumar H Mehta as independent director w e f 18th July, 2019, he was also relieved from the post of Chairmanship of the Audit Committee w e f 18th July, 2019.*

Terms of Reference of the Audit Committee

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
- Recommending the appointment and removal of statutory auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with the statutory auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
- Any changes in accounting policies and practices;
- Major accounting entries based on exercise of judgment by management;
- Qualifications in draft audit report;
- Significant adjustments arising out of audit;
- Going concern assumption;
- Compliance with accounting standards;
- Compliance with stock exchange and legal requirements concerning financial statements;
- Any related party transactions as per Accounting Standard 18.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-ups thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure or

internal control systems of a material nature and reporting the matter to the Board.

- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

1.2 The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the secretary to the Audit Committee.

1.3 The Audit Committee approved the revised Insider Trading Policy and Whistleblower policy effective April 1st 2019 and recommended the same to the Board for adoption.

1.4 The Audit Committee monitored and reviewed investigations of the whistleblower complaints received during the year.

2. Stakeholders' Relationship Committee

The Stakeholders Relationship Committee of the Company is formed as per the Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. It consists of 3 members.

Mr. Mathew Cyriac, Non-Executive Director is the Chairman of the Committee. The Committee has been reconstituted w e f 29th July 2019 and the following members of the Committee is as under:

Sl. No.	Name of the Members	Category
1.	Mr. Mathew Cyriac	Chairman from 29th July, 2019
2.	Mr. Richard B Saldanha, Member	Member
3.	Mr. Sivaramakrishnan Ganapathi – Member	Member

During the year under review, 1(one) meeting of the Stakeholders' Relationship Committee was held on September 13, 2019 in compliance with the provisions of the Companies Act, 2013.

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Mathew Cyriac, Chairman	1	1
Mr. Richard B Saldanha, Member	1	1
Mr. Sivaramakrishnan Ganapathi – Member	1	1

The Stakeholders' Relationship Committee is primarily responsible for Redressal of shareholders'/investors'/ Security holders' grievances including complaints related to transfer of shares, non-receipt of declared dividends, annual reports etc.

The Committee is to examine and redress shareholders' and investors' complaints. The status of complaints and share transfers is reported to the Board.

The Company through its Registrar and Share Transfer Agents has resolved the investors' grievances / correspondence at the earliest from the date of their receipt.

Monitor implementation of the Company's code of Conduct for prohibition of Insider Trading.

The statistics of Shareholders complaints received / redressed, during the year under review is appended below:

No. of Shareholders complaints pending as at April 01, 2019	Nil
No. of Complaints relating to Non-receipt of dividend warrants, redemption / interest warrants, annual reports, share certificates, endorsement stickers, change of address, deletion of name and others received during the year April 01, 2019 to 31st March, 2020	15
No. of Shareholders complaints resolved during the year April 01, 2019 to 31st March, 2020	15
No. of Shareholders complaints pending as on 31st March, 2020	Nil

Secretarial Audit for Reconciliation of Capital

A Secretarial Audit was carried out by Mr. Nagendra D. Rao, Practising Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors.

3. Nomination & Remuneration Committee

Nomination & Remuneration Committee ("the Committee") currently comprises of Four Directors of which two are Independent Directors. As on 31st March 2020, the Committee comprised of three Directors of which two were independent directors. The composition as on 31st March 2020 was as follows: Ms. Anuradha Sharma (Chairperson & Independent Director), Mr.

Richard Saldanha (Member & Independent Director) and Mr. Mathew Cyriac (Member & Non- Executive Director). The Committee has been reconstituted w.e.f. 26th June 2020 and the following members of the Committee is as under:

Sl. No.	Name of the Members	Category
1.	Ms. Anuradha Sharma	Chairperson from 29th July, 2019
2.	Mr. Richard B Saldanha	Member
3.	Mr. Mathew Cyriac	Member
4.	Mr. Gautham Madhavan*	Member

** Mr. Gautham Madhavan was elected as a member of Nomination and Remuneration Committee wef 26th June, 2020*

The Nomination & Remuneration Committee met on April 24, 2019 and May 17, 2019, during the year 2019 -20.

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Arun K Thiagarajan, Chairperson*	2	2
Ms. Anuradha Sharma, Chairperson **	2	2
Mr. Richard B Saldanha, Member	2	2
Mr. Mathew Cyriac, Member	2	2
Mr. Gautham Madhavan***	NA	NA

*Note:*Subsequent to resignation of Mr. Arun K Thiagarajan as independent director w.e.f 29th July, 2019, he also resigned as a Chairperson of Nomination and Remuneration Committee w.e.f 29th July 2019.*

***On reconstitution of the Committee on 29th July, 2019, Ms. Anuradha Sharma was elected as the Chairperson of Nomination and Remuneration Committee w.e.f 29th July 2019*

**** Mr. Gautham Madhavan was elected as a member of Nomination and Remuneration Committee wef 26th June, 2020*

Terms of Reference:

To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board of their appointment and /or removal.

To carry out evaluation of Directors' performance.

To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

To formulate the criteria for evaluation of Independent Directors and the Board.

To recommend/review remuneration of the Managing Director(s) and Whole-Time Director(s) based on their performance and defined assessment criteria.

To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

To perform such other functions as may be necessary or appropriate for the performance of its duties including carrying out any other functions within its terms of reference as outlined in Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulation's 2015 and section 178 of the Companies Act, 2013.

4. Corporate Social Responsibility Committee

Currently the Committee consists of (4) four directors chaired by Mr. Richard B Saldanha, an Independent Director. The Committee has been reconstituted w e f 29th July 2019 and the following members of the Committee is as under:

Sl. No.	Name of the Members	Category
1.	Mr. Richard B Saldanha	Chairman
2.	Ms. Anuradha Sharma	Member
3.	Mr. Sivaramakrishnan Ganapathi	Member
4.	Mr. Mathew Cyriac	Member

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy'.

5. Independent Directors Meet

In accordance with the provisions of the Companies Act, 2013, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-Independent Directors and members of management. Directors on the Board to abide by the provisions specified in Schedule IV of the Companies Act, which defines Code for Independent Directors. During the year, separate meeting of the Independent Directors of the Company was held on March 02, 2020.

Name of Director	No. of the Meetings	No. of the Meetings Attended
Ms. Anuradha Sharma	1	1
Mr. Richard B Saldanha	1	1

Terms of the Meet

Review the performance of the Non-Independent

Directors and Board as a whole and also the Chairperson of the Company to assess the quality, quantity and timely flow of information between the Company and management. Board needs to provide effective strategic direction to the Company and to direct on key decisions impacting the performance of the Company. To review the financial performance of the Company and suggest corrective actions.

Familiarisation Programme of Independent Directors

The website link for the familiarization programme of Independent Directors is as follows :

https://www.gokaldasexports.com/wp-content/uploads/2019/11/Familiarisation_Program_For_Independent_Directors-1.pdf

Risk Management:

The Board reviews the Company's risk management practices and policies periodically. This includes comprehensive review of various risks attached to the company's business for achieving key objectives and actions taken to mitigate them. The Board reviews and advises on risk management aspects inter alia in the areas of leadership development, information security, project management and execution risks, contracts management risks, financial risks, forex risks and geopolitical risks.

Subsidiary Companies' Monitoring Framework:

All the Company's subsidiaries are wholly owned subsidiaries with their Boards having rights and obligations to manage such Companies in the best interest of the stakeholders. The Company does not have any material unlisted subsidiary and hence is not required to nominate an independent Director of the Company on the Board of any subsidiary. The Audit Committee reviews the financial statements in particular investments made by unlisted subsidiary companies, Minutes of the Board meetings of unlisted subsidiary companies are placed and reviewed periodically by the Company's Board. A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board.

Disclosures

Disclosures on materially significant related party transactions

The related party transactions during the year ended 31st March, 2020 have been listed in the notes to the accounts. Shareholders may please refer the same. However, these are not in conflict with the interests of the company at large. There are no material individual transactions which are not in the normal course of business.

The Policy of the Company on Related Party Transaction is available on our website www.gokaldasexports.com

Disclosures regarding Web link of the Company Policy for determining material subsidiaries and RPT Policy on materiality and dealing with related party of the Company are posted on the Company's website (www.gokaldasexports.com).

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

There has been no non-compliance of any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI or any other statutory authorities on any matters relating to the capital markets.

Whistle Blower Policy

The Company has established a mechanism for directors and employees to report concerns about unethical behavior actual or suspected fraud, or violation of the Code. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism, and allows direct access to the chairperson of the audit committee in exceptional cases. The policy is available on the Company website: www.gokaldasexports.com

During the year under review, there are no instances of fraud committed against the Company by its Officers or employees which have been reported to the Audit Committee. Hence there is no requirement for the Company to mention the same in the Board's report.

POLICY FOR PREVENTION PROHIBITION & REDRESSAL- SEXUAL HARASSMENT OF WOMEN AT WORK PLACE :

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.

The details are as follows:

Number of complaints received during the Financial Year	11
Number of complaints disposed off during the Financial Year	11
Number of complaints pending as on end of the Financial Year	0

Non Compliance of any requirement of Corporate Governance report of sub paras (2) to (10) of Schedule V (c) of the Listing Regulations : NIL

The Company has also complied with the following discretionary requirements specified in Part E of Schedule II in terms of Regulations 27(1)

-Separate posts of Chairman and CEO : The position of the Chairman and CEO are separate.

-Statutory Auditors of the Company have issued an Audit Report with unmodified opinion on Annual Financial Results of the Company for the Financial Year ended on 31st March, 2020.

- Internal Auditors periodically apprise the Audit Committee on findings / observations of Internal Audit and actions taken thereon.

- In addition to the statutory requirements, the Audit Committee have a separate discussion / meeting with the Statutory Auditor and Internal Auditors on matters concerning the Audit without the presence of Executive Management of the Company. Measures for improvements are discussed with the Executive Management.

DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONAL PLACEMENT (QIP) AS SPECIFIED UNDER REGULATION 32(7A) :

a. The application money received towards allotment of equity shares raised through qualified institutional placement of Rs.69.37 Crores. As of the balance sheet date 31-Mar-2019, the Company has utilized Rs.33.87 Crores towards modernization and automation of business infrastructures in 2018-19 and the remaining Rs. 35.50 Crores was utilized for working capital finance of the Company.

The Company has completed the Utilisation of the funds raised.

There is no deviation observed in the use of proceeds from the objects stated in the explanatory statement to the notice for the general meeting

CERTIFICATE FROM A COMPANY SECRETARY IN PRACTICE THAT NONE OF THE DIRECTORS ON THE BOARD OF THE COMPANY HAVE BEEN DEBARRED OR DISQUALIFIED FROM BEING APPOINTED OR CONTINUING AS DIRECTORS OF THE COMPANY BY THE BOARD/MINISTRY OF CORPORATE AFFAIRS OR ANY SUCH STATUTORY AUTHORITY:

The Company has obtained a certificate from Mr. Nagendra D. Rao, Practicing Company Secretary (Membership No FCS 5553, CP No. 7731), Secretarial Auditor of the Company, regarding confirmation that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Board/Ministry of Corporate Affairs or any such statutory authority.

The requisite certificate from Mr. Nagendra D. Rao, Secretarial Auditor of the Company is annexed herewith.

SECRETARIAL COMPLIANCE REPORT :

Pursuant to Regulation 24(A) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other provisions as may be applicable, the Company has obtained the Secretarial Compliance Report from Mr. Nagendra D Rao, Practicing Company Secretary (Membership No FCS 5553, CP No. 7731). The report is annexed herewith.

Total Fees for all the services paid by the Company to MSKA & Associates, Chartered Accountants (ICAI Firm registration number: 105047W), Statutory Auditor, is included in the financial statement of the Company for the year ended 31st March, 2020, is as follows;

Particulars	Amount in Rs. (In Lakhs)
Audit fees (including fees for consolidated financial statements and quaterly limited reviews)	30.00
Out of pocket expenses	1.35
Total payment to statutory auditors (exclusive of GST)	31.35

THE DISCLOSURES OF THE COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN

REGULATIONS 17 TO 27 AND CLAUSE (B) TO (I) OF SUB-REGULATION (2) OF REGULATION 46 OF THE SEBI (LODR) REGULATIONS, 2015:

The Company is in compliance with corporate governance requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2)of Regulation 46 of the SEBI (LODR) Regulations, 2015.

FUNCTIONAL WEBSITE OF THE COMPANY AS PER REGULATION 46 OF SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

Pursuant to the requirement of Regulation 46 of the Listing Regulations, the Company maintains a functional website of the Company and website address of the Company is www.gokaldasexports.com. The Website of the Company provides basic information about the Company e.g, details of its business, financial information, various policies, shareholding pattern & other details relevant to the shareholders and the Company is regularly updating the information provided on its website.

General Body Meeting

Details of Annual General Meetings (AGM) of the Company held for the last three years:

Financial Year	Day, Date & Time	Location
2016-17	Tuesday, September 26, 2017, 2.30 P.M	NIMHANS Conventional Hall, Hosur Road, Bangalore - 560 029
2017-18	Tuesday, September 18, 2018, 2.30 P.M	NIMHANS Conventional Hall, Hosur Road, Bangalore - 560 029
2018-19	Friday, September 13, 2019, 2.30 P.M	NIMHANS Conventional Hall, Hosur Road, Bangalore - 560 029

Special Resolutions passed during the last 3 Years

Date of AGM	Number of Special Resolutions	Details of Special Resolution passed
Tuesday, September 26th , 2017	Nil	Nil
Tuesday, September 18th, 2018	2	1. To approve continuation of office of Directorship of Mr. Arun K Thiagarajan (DIN: 00292757) as Independent Director. 2. To approve continuation of office of Directorship of Mr. Richard B Saldanha (DIN:00189029) as Independent Director
Friday, September 13th 2019	Nil	Nil

Postal Ballot

Postal Ballot has not been conducted during the year 2019-20.

Prevention of Insider Trading

The Company has formulated an Insider Trading Policy in line with the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018. This policy includes policy and procedures for inquiry in case of leak of UPSI or suspected leak of UPSI. The policy is available on the Company website: www.gokaldasexports.com

Certificate on Corporate Governance

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a certificate from the Secretarial Auditor is obtained regarding compliance of conditions of corporate governance and is annexed and forms part of the Board's Report.

Managing Director & Chief Financial Officer Certificate

As required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certificate issued by the Managing Director and Chief Financial Officer on financial statements etc., is provided in the Annual Report.

Means of Communication

The annual audited financial results, the quarterly / half yearly unaudited financial results are generally published in the Financial Express and Praja Vani (a regional daily published from Bengaluru). These were not sent individually to the shareholders. The quarterly and the annual results of the Company are e-mailed/ online filing/ and mailed to the stock exchanges on which the Company's shares are listed immediately of closure of meeting of the Board of Directors.

Investor Grievances and Share Transfer

The Company has a Board level Stakeholders' Relationship Committee to examine and redress shareholders' and investors' complaints. The status on complaints and share transfers is reported to the Board. For matters like dividends, change of address, refunds, demat, remat of shares etc., the shareholders/ investors communicate with KFin Technologies Private Limited (formerly known as Karvy Computershare Private Limited), who are the Registrar and Share Transfer Agents of the Company. Their address is given in the section on General Shareholder Information.

General Shareholder information:

Annual General Meeting	25th September 2020 at 2.30 P M Through VC/other audio visual means
Date of Book Closure	19th September 2020 (Saturday) to 25th September (Friday) (both days inclusive)
Financial Results Calendar (Tentative)	**Last week of July, 2020** - Unaudited Results for the quarter and three months ended 30th June, 2020. **Second week of November, 2020**- Unaudited Results for the quarter and six months ended 30th September, 2020. **Second week of February, 2021** - Unaudited Results for the quarter and nine months ended 31st December, 2020. **Fourth week of May, 2021** - Audited Results for the year ended 31st March, 2021
Listing on Stock Exchanges	National Stock Exchange of India Limited, Mumbai (Scrip Code - GOKEX) BSE Ltd, Mumbai (Scrip Code - 532630)
International Securities Identification Number (ISIN)	INE887G01027
Corporate Identification Number (CIN)	L18101KA2004PLC033475

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

1. The Board: The Company does not maintain a separate office for Non-executive Chairman. The Independent Directors have requisite qualifications and experience to act as director on the Board.
2. Shareholders Rights: Quarterly results are published in widely circulating national and local daily newspapers such as the Financial Express and Praja Vani. These were not sent individually to the shareholders.
3. Audit Qualifications: The auditor report does not contain any qualifications.
4. Separate post of Chairman and Chief Executive Officer: The Company has separate persons to the post of Chairman and Managing Director.
5. Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

Listing Fee

The Company has paid annual listing fees, as prescribed, to the National Stock Exchange of India Limited and BSE Limited, Mumbai for the Financial Year 2020-21.

Custodial Fee

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No.MRD/DoP/SE/DEP/CIR-4/2005 dated 28th January, 2005 and MRD/DoP/SE/DEP/CIR-2/2009 dated February 10, 2009, Issuer Companies are required to pay custodial fees to the depositories. Accordingly, the Company has paid custodial fee for the year 2020-21 to NSDL and CDSL on the basis of the number of beneficial accounts maintained by them as on 31st March, 2020.

Registrar & Share Transfer Agents:

Share registration and other investor related activities are carried out by our Registrar and Transfer Agents, M/s KFin Technologies Private Limited (formerly known as Karvy Computershare Private Limited) for both Physical and Demat securities. Their address is given below:

KFin Technologies Private Limited
(Formerly known as Karvy Computershare Private Limited)
Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District Nankramguda
Hyderabad – 500 032
Tel: +91 40 67162222/67161653, Fax: + 91 40 23001153
E-mail: einward.ris@karvy.com,
Website: www.kfintech.com
Contact person: Ms. Shobha Anand / Mr. N Shiva kumar

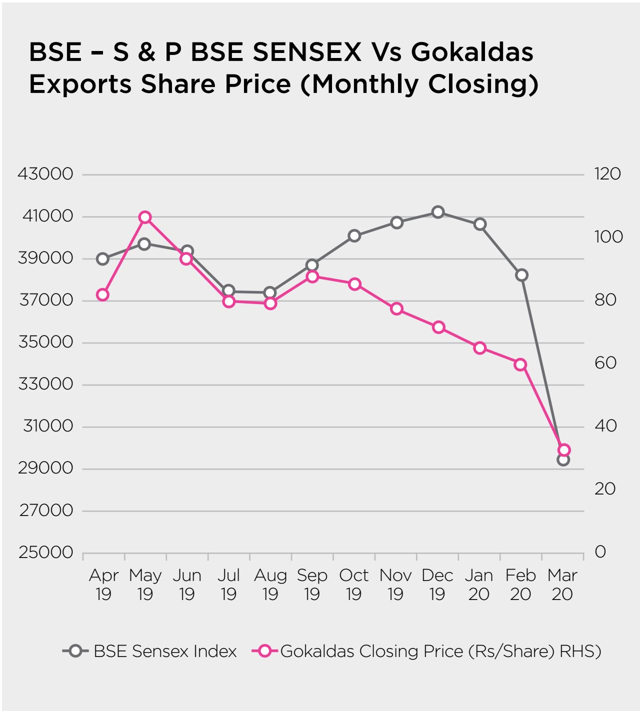
Share Transfer System

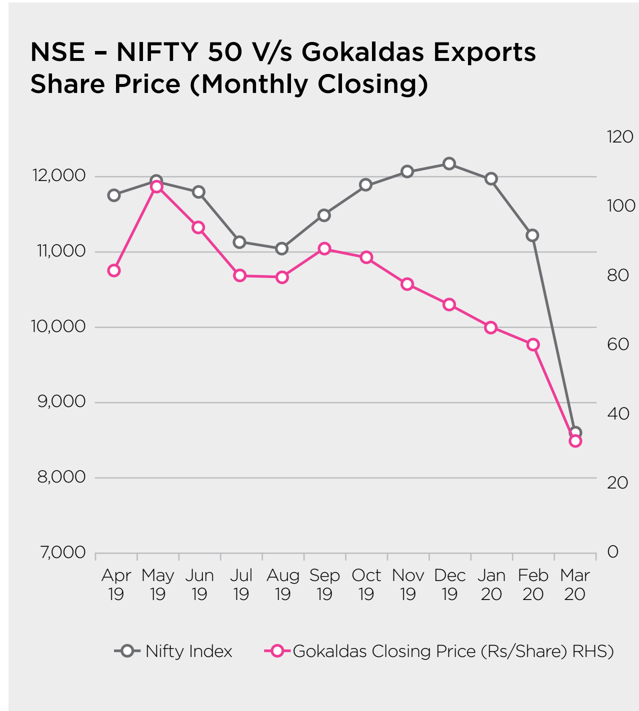
Shares sent for transfer in physical form are registered and dispatched within 15 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 15 days. Monitoring of Share Transfers and other investor related matters are dealt with by the Shareholders' Grievance Committee. The Company's Registrars, M/s KFin Technologies Private Limited (formerly known as Karvy Computershare Private Limited) process the share transfers in respect of physical securities on a fortnightly basis and the processed transfers are approved by the authorized Executives of the Company also on a fortnightly basis. All requests for dematerialization of shares, which are in order, are processed within 15 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Price Data (Monthly High and Low)

Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	No. of shares traded	High (Rs.)	Low (Rs.)	No. of shares traded
April-19	97.45	79.05	1,29,574	97.55	79.20	11,02,933
May-19	118.80	73.00	9,70,080	119.05	72.45	49,38,128
Jun-19	111.75	85.50	3,28,280	111.90	85.20	20,85,597
Jul-19	102.05	78.50	1,54,592	101.20	78.10	15,20,719
Aug-19	84.40	70.05	1,32,497	83.95	71.10	9,54,213
Sep-19	96.90	78.10	2,76,037	98.50	77.95	13,25,562
Oct-19	89.75	81.85	86,827	91.60	81.00	5,63,592
Nov-19	95.00	73.10	2,25,649	94.50	72.95	14,71,994
Dec-19	78.85	71.30	64,185	80.00	70.90	7,05,846
Jan-20	82.60	65.00	2,61,211	82.70	65.00	26,52,893
Feb-20	77.25	58.00	3,19,549	77.40	57.75	38,46,918
Mar-20	63.00	30.20	4,06,310	63.50	28.70	16,97,158

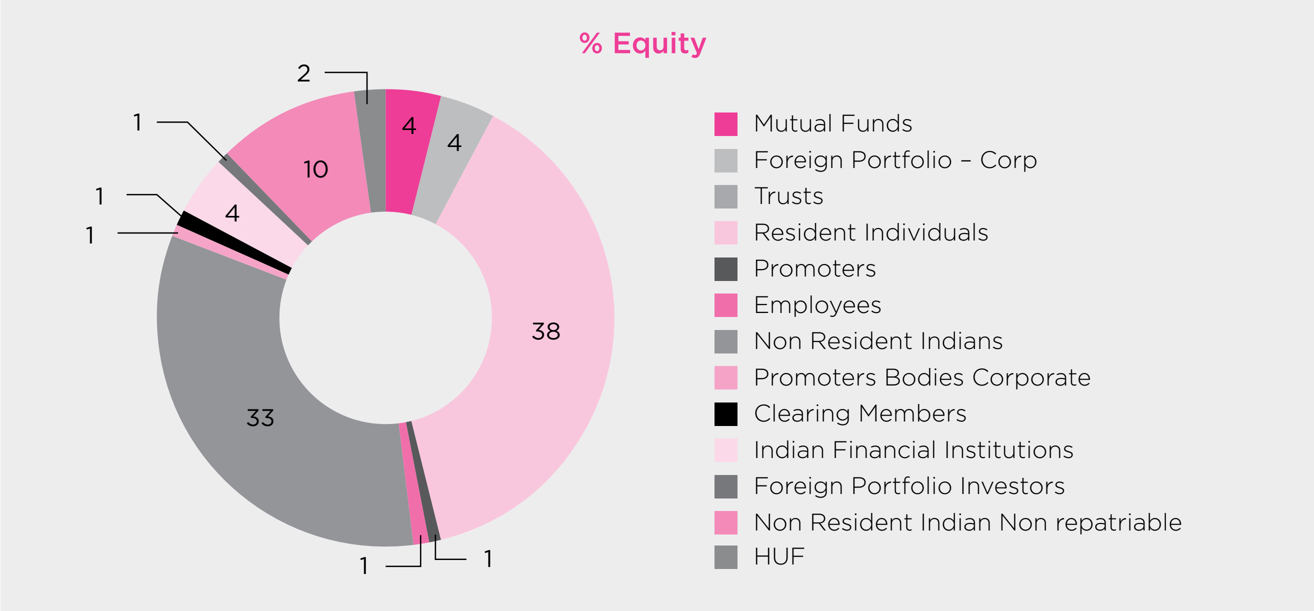
Stock Performance:





Shareholding Pattern as on 31st March, 2020:

Shareholding Pattern as On 31/03/2020							
S. no.	Description	Without Grouping			With Grouping		
		No. of Cases	Total Shares	% Equity	No. of Cases	Total Shares	% Equity
1	MUTUAL FUNDS	2	1,745,488	4.08	2	1,745,488	4.08
2	FOREIGN PORTFOLIO - CORP	1	1,840,000	4.30	1	1,840,000	4.30
3	TRUSTS	1	10	0.00	1	10	0.00
4	RESIDENT INDIVIDUALS	17,369	16,383,196	38.26	16,872	16,383,196	38.26
5	PROMOTERS	2	249,391	0.58	1	249,391	0.58
6	EMPLOYEES	12	91,389	0.21	12	91,389	0.21
7	NON RESIDENT INDIANS	338	467,854	1.09	338	467,854	1.09
8	PROMOTERS BODIES CORPORATE	1	13,955,957	32.59	1	13,955,957	32.59
9	CLEARING MEMBERS	55	330,310	0.77	44	330,310	0.77
10	INDIAN FINANCIAL INSTITUTIONS	2	314,303	0.73	2	314,303	0.73
11	FOREIGN PORTFOLIO INVESTORS	1	1,746,133	4.08	1	1,746,133	4.08
12	NON RESIDENT INDIAN NON REPATRIABLE	202	276,475	0.65	200	276,475	0.65
13	BODIES CORPORATES	269	4,372,544	10.21	238	4,372,544	10.21
14	H U F	754	1,052,613	2.46	746	1,052,613	2.46
	Total:	**19,009**	**42,825,663**	**100.00**	**18,459**	**42,825,663**	**100.00**



Top Ten shareholders of the company as on 31st March, 2020

Sl. No.	DP Id	Folio/ Client ID	Name of concern/ person	Shares	% Equity
1	IN303559	10024009	Clear Wealth Consultancy Services LLP	13,955,957	32.59
2	IN302927	10137278	Teesta Retail Pvt Ltd	1,413,513	3.30
	IN302927	10121536	Teesta Retail Pvt Ltd	867,000	2.02
3	IN301348	20032456	Polus Global Fund	1,746,133	4.08
4	IN300054	10101196	Can Lah Investments Pte Ltd	1,840,000	4.30
5	IN300054	10074069	L&T Mutual Fund Trustee Limited – L & T Emerging Business Fund	1,733,000	4.05
6	IN303173	20014641	Sankaranarayanan Sangameswaran	1,017,818	2.38
7	IN300513	23598007	Pathik Gandotra	5,400	0.01
	IN301549	51263409	Pathik Shyamsunder Gandotra	594,600	1.39
8	IN301549	57550976	Parvesh Gandotra	600,000	1.40
9	IN300476	10545253	Chetan Jayantilal Shah	480,000	1.12
10	49800	1204980000269820	Securities Holdings India Pvt Ltd	478,086	1.12

Distribution of Shareholdings as on 31st March, 2020:

GOKALDAS EXPORTS LIMITED					
Distribution of Shareholding as on 31/03/2020 (TOTAL)					
Sl. No.	**Category (Shares)**	**No.of Holders**	**% To Holders**	**No.of Shares**	**% To Equity**
1	1 - 5000	17990	97.66	6,282,362	14.67
2	5001 - 10000	222	1.21	1,647,363	3.85
3	10001 - 20000	91	0.49	1,297,338	3.03
4	20001 - 30000	38	0.21	962,278	2.25
5	30001 - 40000	17	0.09	574,322	1.34
6	40001 - 50000	11	0.06	514,146	1.20
7	50001 - 100000	22	0.12	1,578,408	3.69
8	100001 and above	30	0.16	29,969,446	69.98
	TOTAL:	**18421**	**100.00**	**42,825,663**	**100.00**

Dematerialization of shares and Liquidity without grouping as on 31st March, 2020:

GOKALDAS EXPORTS LIMITED				
CONTROL REPORT AS ON 31/03/2020				
Sl. No.	**Description**	**Cases**	**Shares**	**% Equity**
1	PHYSICAL	40	618	0.00
2	NSDL	11,619	36,235,105	84.61
3	CDSL	7,350	6,589,940	15.39
	Total:	**19,009**	**42,825,663**	**100.00**

No of Shares in Demat form without grouping as on March 31, 2020:

No. of shares	% of shares	No. of Shareholders	% of Shareholders
42,825,045	100.00	18,969	100.00%

Plant Locations

Sl. No.	Particulars
1.	Carnival Clothing Co. No.2/A-1,Chikkaveeranna Road Cross, Bannimantap Etn, Mysore – 15, Karnataka GSTIN:29AACCG0895N1Z0
2.	Euro Clothing Co - I No.122/1,Doddabidarakallu Village, Yeshwanthpur Hobli, Bangalore North Taluk, Bengaluru 560073. Karnataka GSTIN:29AACCG0895N1Z0
3.	Euro Clothing Company II Katha No.620-628T.B.Road Srirangapatna, Mandya Dist.,571438 , Karnataka GSTIN:29AACCG0895N1Z0
4.	Gokaldas Exports Ltd, R &D –I No.68, Mission Road, Bengaluru -560 027, Karnataka GSTIN:29AACCG0895N1Z0
5.	Gokaldas Exports Ltd Sez Division, Plot No.6/1, Phase - 2, Mepz - Sez, Tambaram, NH - 45, Chennai - 600 045. Tamil Nadu GSTIN:33AACCG0895N1ZB
6.	Global Garments – Unit II Near Ring Road, Gubbi Gate Tumkur - 572 101, Karnataka GSTIN:29AACCG0895N1Z0
7.	Global Garments-III No.44, 3rd Cross, Industrial Suburb, Yeshwanthpur, Bengaluru -560 022. Karnataka GSTIN:29AACCG0895N1Z0

Sl. No.	Particulars
8.	Gokaldas India No.21C & 21B, SurveyNo.34,35,36 & 37, Nallakadaranahalli, Peenya II Stage, Industrial Area, Peenya, Bengaluru -560 058. Karnataka GSTIN:29AACCG0895N1Z0
9.	Hinduja Processing & Finishing Unit No.2, 5th Cross,Mysore Road, Bengaluru -560 023. Karnataka GSTIN:29AACCG0895N1Z0
10.	International Clothing Company – I #B2, B3 & B4, Indl Estate, Madanapalli -517 325. Chittoor District, Andhra Pradesh GSTIN:37AACCG0895N1Z3
11.	Indigo Blues Plot No-2, KIADB Industrial Area, Doddaballapur - 581 203. Karnataka GSTIN:29AACCG0895N1Z0
12.	J.D.Clothing Company No.9, Rajajinagar Industrial Estate, Bengaluru -560 010. Karnataka GSTIN:29AACCG0895N1Z0
13.	Luckytex-III No.19/A, (2&3),Raja Industrial Estate, Industrial Suburb, 2nd Stage, Tumkur Road, Bengaluru -560 022. Karnataka GSTIN:29AACCG0895N1Z0
14.	Sri Krishna Industries No.25/26, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bengaluru -560 022. Karnataka GSTIN:29AACCG0895N1Z0

Sl. No.	Particulars
15.	Triangle Apparels – VI # 25/26,3rd Main Road, Industrial Suburb, Yeshwanthpur, Bengaluru – 22, Karnataka GSTIN:29AACCG0895N1ZO
16.	Venkateshwara Clothing Company – II No.10, KHB, Colony Industrial Area, Yelahanka, Bengaluru - 64. Karnataka GSTIN:29AACCG0895N1ZO
17.	Wearcraft Apparels – I No.17/1-38/4-1, Industrial Suburb, Yeshwanthpur, Bengaluru -560 022. Karnataka GSTIN:29AACCG0895N1ZO
18.	The Wearwel I (Unit of SNS Clothing Pvt Ltd) Industrial Estate N.H-206,Hindiskere Gate, Tiptur-572201, Karnataka GSTIN:29AAICS5776NJ1ZC
19.	Gokaldas Exports Ltd – Unit I (Hassan) Plot No.119, KIADB Growth Centre, SH – 57, Hassan – 573201, Karnataka GSTIN:29AACCG0895N1ZO
20.	Luckytex Unit I No. 17/A-34/A-1, Industrial Suburb, Bengaluru, Karnataka GSTIN:29AACCG0895N1ZO
21.	Atlantic Apparels – II Plot No.28D & 28E, Belavadi Industrial Area, Mysore-570018,Karnataka GSTIN:29AACCG0895N1ZO

Address for Correspondence:

Company : **Gokaldas Exports Ltd** Registered Office No. 16/2, Residency road, Bangalore – 560025 Ph: 080- 46191001/46191002 Email: investorcare@gokaldasexports.com Website : www.gokaldasexports.com	**Registrar and Transfer Agent:** Ms. K. Shobha Anand, Deputy General Manager KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited) Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500032. Phone: 040-6716 2222

MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

To,
The Board of Directors
Gokaldas Exports Limited

1) We have reviewed financial statements (standalone and consolidated) and the cash flow statement for the year ended 31st March, 2020 and that to the best of our knowledge and belief:

   - These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   - These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2) There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

3) We accept responsibility for establishing and maintaining Internal Controls for Financial Reporting and that we have evaluated the effectiveness of Internal Control Systems of the listed entity pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies if any in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or purpose to take to rectify these deficiencies.

4) We have indicated to the Auditors and the Audit Committee

   - Significant changes in Internal Control over Financial Reporting if any during the year;

   - Significant changes in Accounting Policies if any during the year and that the same have been disclosed in the notes to the financial statements; and

   - Instances of significant fraud if any of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's Internal Control System over Financial Reporting.

For Gokaldas Exports Limited,

	Sivaramakrishnan Ganapathi	**Sathyamurthy A**
Place: Bengaluru	Managing Director	Chief Financial Officer
Date: June 26, 2020	(DIN: 07954560)	

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To,
The Members
Gokaldas Exports Limited,
No. 16/2, Residency Road,
Bengaluru- 560 025.

I have examined the compliance of the conditions of Corporate Governance by Gokaldas Exports Limited ('the Company') for the year ended on 31st March, 2020, as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub- regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me, and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on 31st March, 2020.

I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Nagendra D. Rao
Practising Company Secretary
FCS No: 5553; CP No: 7731
UDIN: F005553B000387693

Place: Bengaluru
Date: June 26, 2020

543/A, 7th Main,
3rd Cross, S. L. Bhyrappa Road,
Hanumanthnagar,
Bengaluru – 560 019.

CERTIFICATE PURSUANT TO REGULATION 34(3) AND SCHEDULE V PARA C CLAUSE (10)(I) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To,
The Members
Gokaldas Exports Limited,
No. 16/2, Residency Road,
Bengaluru- 560 025.

I have examined the relevant registers, records, forms and returns filed, notices and disclosures received from the Directors, minutes books, other books and papers of **Gokaldas Exports Limited** having CIN **L18101KA2004PLC033475** and having registered office at **Gokaldas Exports Limited, No. 16/2, Residency Road, Bengaluru – 560 025** (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'the LODR'), as amended vide notification no SEBI/LAD/NRO/GN/2018/10 dated May 09, 2018 issued by SEBI.

In my opinion and to the best of my information and according to the verifications (including DIN status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company, its officers, **I hereby certify that none of the Directors who were on the Board of the Company as on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any other Statutory Authority.**

Ensuring the eligibility of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

We have conducted necessary verifications as much as is appropriate to obtain reasonable assurance about the eligibility or disqualification of the Directors on the Board of the Company.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signature:

Nagendra D. Rao
Practising Company Secretary
Membership No. FCS – 5553
Certificate of Practice – 7731
UDIN: F005553B000387649

543/A, 7th Main,
3rd Cross, S. L. Bhyrappa Road,
Hanumanthnagar,
Bengaluru – 560 019.

Place: Bengaluru
Date: June 26, 2020

Management Discussion and Analysis

Global economic overview

The global economy witnessed a steady decline in 2019 fuelled by a sharp downturn in industrial production, weakening trade relations between China and USA, demand slowdown in China, and other geo-political tensions. This moderated global GDP growth from 3.6 per cent in 2018 to 2.9 per cent in 2019. The global economy, affected by the outbreak of the Covid-19 pandemic is expected to decline in 2020.

The Covid-19 pandemic is the most impactful global health crisis of our time and the greatest challenge the world has faced since WW II. In order to limit the spread of Covid-19, World over countries implemented various measures such as lockdowns, closure of non-essential business, and travel restrictions. These measures sharply curbed consumption and investment, restricted labour supply and production, disrupted financial and commodity markets, global trade, supply chains, travel and tourism. Covid-19 and its response had an unprecedented impact on the world economy disrupting billions of lives and jeopardizing decades of developmental progress. IMF in its world economic outlook (WEO) June 2020 estimates global growth to shrink 4.9% in 2020. However, on the back of various macroeconomic support measures by many countries WEO anticipates global growth to be 5.4% in 2021, in effect reducing nearly 6.5% from the GDP compared to its pre Covid-19 projections.

Overview of key global economies

Most of advance economies like the US, EU, UK, Japan and Canada experienced Covid-19 outbreaks, of varying intensity. GDP in these economies expected to contract sharply in 2020 due to disruption of domestic demand and supply, trade, and finance. However, as per WEO growth in 2021 expected to rebound on the back of unprecedented support from fiscal, monetary, and financial sector policies. Central banks in these advance economies implemented policy measures like rates cuts, additional liquidity measure to the both government debt and corporates loans. (Source: World Economic Outlook June 2020, IMF)

Global Economic Growth

Real GDP (YOY)	2019	2020	2021
World	2.9	(-)4.9	5.4
Advance and Economies	1.7	(-)8.0	4.8
US	2.3	(-)8.0	4.5
EU	1.3	(-)10.2	6
Japan	0.7	(-)5.8	2.4
UK	1.4	(-)10.2	6.3
Canada	1.7	(-)8.4	4.9
Emerging/Developing economies	3.7	(-)3.0	5.9
China	6.1	(+)1.0	8.2
India*	4.2	(-)4.5	6

* forecast based on the fiscal year basis

(Source: IMF World Economic Outlook)

Indian Economic Overview

India's GDP growth slowed down to 4.8 per cent in H1 of 2019-20, amidst a weak environment for global manufacturing, trade and demand. In 2019-20, fiscal deficit was budgeted at Rs 7.04 lakh crore (US$ 99.56 billion) (3.3 per cent of GDP), as compared to Rs 6.49 lakh crore (US$ 91.86 billion) (3.4 per cent of GDP) in 2018-19. Inflation increased from 3.3 per cent in H1 of 2019-20 to 7.35 per cent in December 2019-20 due to temporary increase in food inflation. The Government undertook some of the reforms during 2019-20 to boost investment, consumption and exports such as IBC, easing credit, NBFC reforms etc. India improved its ranking from 143 in 2016 to 68 in 2019 under the indicator, "Trading across Borders", monitored by World Bank in its Ease of Doing Business Report.

As a preventive measure to contain the spread of Covid-19 pandemic, India imposed a strict lock-down for a period of 2 months starting from 24th March, 2020. The loss of economic output during lock-down squeezed the supply and demand and subsequently led to loss of income, which caused decline in consumption resulting in further loss of output. India's real GDP growth rate was 4.2% (PE) in FY20 as per National Statistical Office, compared to 6.1% in FY19. (Source: Macroeconomic report June 2020, Department of Economic Affairs)

Outlook of Indian Market

High-frequency indicators such as purchasing managers' indexes fell to all-time lows in April 2020, reflecting the bleak outlook. Migrant workers have gone home to their villages after losing their jobs in the cities and will be slow to return even after containment measures are relaxed. GDP expected to contract by 4.5% in FY20 before rebounding by 6.0% in FY21. (Source: World Economic Outlook June 2020, IMF)

Global Apparel Market

The Global apparel market stood at nearly US $ 1.8 Tn. US, EU, China & Japan are four major apparel consumption markets and constitutes nearly 60% of global apparel consumption. Additionally, markets like India, Russia and Brazil also been growing rapidly. The total market size of these seven countries combined stood more than 70% of the global apparel consumption. Among these markets, Chinese market expected to surpass both EU & US to become world's largest apparel consumption market by 2023. In 2018-19, India was the 5th largest textiles and apparel exporter globally, followed by Bangladesh and Germany with their exports worth USD 35 Bn and USD 34 Bn respectively (Source: Textile Time April-May 2020, CITI)

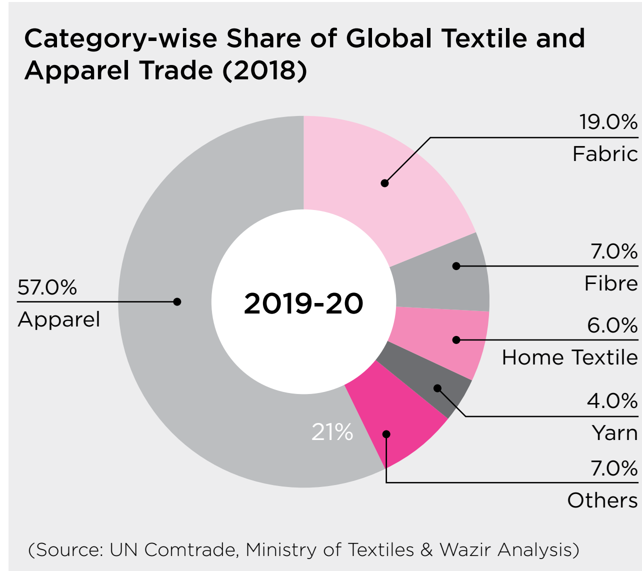
Consequent to the Covid-19 pandemic, the global apparel market is expected to decline from $672.3 billion in 2019 to $659.7 billion in 2020 at a compound annual growth rate (CAGR) of -1.9%. The decline is mainly due to economic slowdown across countries owing to the Covid-19 outbreak and the measures to contain it. The market is then expected to recover and grow at a CAGR of 8% from 2021 and reach $809.8 billion in 2023. Asia-Pacific was the largest region in the global apparel market, accounting for 32% of the market in 2019. Western Europe was the second largest region accounting for 28% of the global apparel market. Africa was the smallest region in the global apparel market. (Source: www. businesswire.com)

Country/Region	Value 2018	Share 2018(%)	CAGR (2018-2025)(%)	Value 2025 (P)
EU-28	427	23	1	458
United States	348	18	2	400
China	231	12	10	450
Japan	100	5	1	107
India	74	4	12	164

Global Textile and Apparel Trade

Global textile and apparel trade estimated to be US $ 865 Bn in 2019 and has grown at CAGR of 4.7% since 2009. Overall textile (includes fibre, yarn, fabric and others) share stood at ~58% and apparel stood at ~42%. The covid-19 pandemic impact on overall textile and apparel trade estimated to have 32% decline in 2020. It is further estimated that that the trade will grow at 6.4% CAGR for the next 9 year and reach US$ 1,025 Bn by 2029. (Source: Textile Time April-May 2020, CITI)

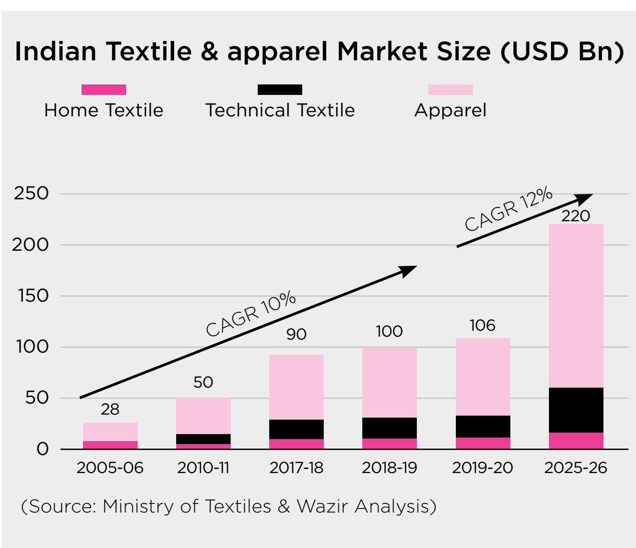
(Source: Textile Time April-May 2020, CITI)

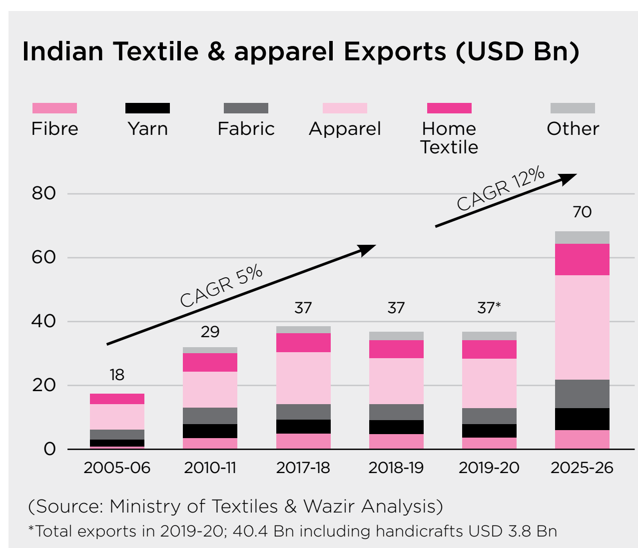


Indian textile and apparel industry

The textiles and apparel industry in India can be broadly divided into two segments - yarn and fibre and processed fabrics and apparel. The domestic textiles and apparel market was estimated at US$ 100 billion in FY19.

The textile industry of India is one of the major income generators and has around 45 million workers all over the country. In FY19, growth in private consumption was expected to create strong domestic demand for textiles. Growth in demand is expected to continue at 12 per cent CAGR to reach US$ 220 billion by 2025. India's textile and apparel export is expected to increase to US$ 82.00 billion by 2021 from US$ 22.95 billion in FY20. (Source: IBEF,Imarc,Televisory)





India's domestic textile and apparel market is worth over USD 100 Bn as of 2018-19 and is expected to grow at a CAGR of 12 per cent to reach to a size of USD 223 Bn by 2025-26.

India is the 5th largest textiles and apparel exporter globally, with its exports worth USD 40.4 Bn in 2018-19. India's textiles and apparel exports are expected to reach USD 70 Bn by 2025-26, growing at a CAGR of 12 per cent. The exports have grown at a five per cent CAGR since the year 2005-06.

Impact of Covid-19 on the Textiles and Apparel Industry in India

The spread of the virus is having serious implications in India and companies have started feeling the impact owing to uncertainty in demand, supply chain disruptions, decline in raw material prices having implication on livelihood of workers as well. As estimates suggest, for the Indian textile and apparel industry, there is a 12-15 months' slowdown causing at least a 30 per cent shrinkage in the FY21 market size globally.

To support the industry, the Government of India has launched several measures including INR 3 lakh crore (USD 39.7 Bn) collateral-free loans for businesses, including Micro, Small and Medium Enterprises (MSMEs), barring global tenders for government procurement up to INR 200 crore (USD 26.4 Mn), infusing more liquidity into banking and non-banking institutions, deferment of EPF/ESI payments, amending the definition of MSMEs by increasing the investment limit and including annual sales turnover as an additional criterion. The Reserve Bank of India has also announced several stimulus measures to ease down the financial stress on the companies in the sector.

Turning crisis into opportunity, the textiles and apparel industry in India came to the forefront to help India combat Covid-19. Major shortages of masks and personal protective equipment (PPE) were being reported across the country, posing much danger for frontline workers who attend to Covid-19 patients. What followed then was a remarkable collaboration between Governments at the Central and State levels, textile and apparel industry players and workers to revamp existing production lines to manufacture a completely unknown product, from scratch.

Personal Protective Equipment (PPE)

The spread of Covid-19 has dramatically increased the global demand for PPE. The World Health Organization (WHO) has estimated the requirement for 89mn medical masks each month along with 76mn examination gloves and 1.6 Mn medical goggles. To meet the rising global demand, WHO estimates that the industry must increase manufacturing capacity by 40%. Indian apparel industry rising up to the challenge and turning the crisis into the opportunity has increased its domestic PPE kits production to 4.5 lacs PPE kits/day.

On PPE export front, Indian government lifted the export ban in July 2020 as many exporters sought to attract buyers from the US, Europe and other countries who are moving away from China. Global

PPE market size stood at US $52 Bn in 2019 and expected to reach $92.5 Bn by 2025, growing at a CAGR of 8.7% during 2020-2025. (Source: Textile Times April-May 2020, CITI)

India advantage from the sectoral growth drivers

The Covid-19 pandemic: Due to the outbreak of the pandemic, textile companies are keen to develop new products like anti-viral fabrics, masks and other goods that cater to the recent boom in demand for hygiene products worth several hundred crores.

Raw material abundance: India is the largest producer of jute and cotton and the second-largest producer of silk. Due to the high abundance of raw materials and cheap labour costs, the cost of manufacturing textile and apparel is significantly lower than many other competing countries.

Youth population: India has one of the world's largest young populations. The country's median age is estimated at around 28, younger than most large countries. This age group represents one of the biggest consumer group of textiles and apparel and is expected to drive consumer sentiments.

Digital penetration: An increasing penetration of the internet has resulted in online retailing witnessing strong growth in the country. Consumers are now opting for ease of shopping, multiple options, better discounts, and easy return policies. The growth in online sales has enabled the textile industry to reach consumers across the length and breadth of the country.

Comparative Factors of Production

Countries	Labour Wages	Power Cost	Water Cost	Lending Rate	Average Production Efficiency	EODB Ranking
	USD/month	USD/Kwh	Usc/m3	Per cent(%)	Per cent(%)	Rank
China	550-600	0.15-0.16	55-60	6.0%-7.0%	65%-70%	31 (91)
India	160-180	0.10-0.12	16-20	11%-12%	50%-55%	63(132)
Bangladesh	110-120	0.09-0.12	20-22	12%-14%	45%-55%	168(129)
Vietman	190-200	0.08-0.10	50-80	7.0%-8.0%	65%-70%	70(99)
Ethiopia	80-90	0.03-0.04	30-40	8.5%-9.0%	30%-35%	159(127)

(Source: Invest India Textiles Report July 2020)

Change in consumer preferences: Due to a change in buying habits and awareness generation through social media, consumers are now shifting from need-based clothing to aspiration-based clothing. Contrary to a previous trend, where Indian consumers purchased fashion items as and when required, buying clothes has become more than a basic need; it is now a reflection of aspiration. Though basic textiles continue to represent a part of the consumer's basket, the demand for aspirational clothing has increased significantly in recent years. (Source: Televisory, Business Wire)

Government initiatives

Indian government has come up with a number of export promotion policies for the textiles sector. Initiatives taken by Government of India are:

- Under Union Budget 2020-21, a National Technical Textiles Mission is proposed for a period from 2020-21 to 2023-24 at an estimated outlay of Rs 1,480 crore (US$ 211.76 million). In 2020, New Textiles Policy 2020 is expected to be released by the Ministry of Textiles.
- As of August 2018, the Government of India increased the basic customs duty to 20 per cent from 10 per cent on 501 textile products, to boost the 'Make in India' project and support local production.
- The Government of India announced a special package to boost exports by US$ 31 billion, creating one crore job opportunities and attracting investments worth Rs. 80,000 crore (US$ 11.93 billion) during 2018-2020. As of August 2018, it generated additional investments worth Rs 25,345 crore (US$ 3.78 billion) and exports worth Rs 57.28 billion (US$ 854.42 million).
- The Government of India has taken several measures which include the Amended Technology Up-gradation Fund Scheme (A-TUFS). The scheme is estimated to create employment for 35 lakh people and enable investments worth Rs 95,000 crore (US$ 14.17 billion) by 2022.
- The Cabinet Committee on Economic Affairs (CCEA), Government of India has approved a new skill development scheme named 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs 1,300 crore (US$ 202.9 million) from 2017-18 to 2019-20. As of August 2019, 16 states have signed pacts with the Ministry of Textiles to partner with it for developing the skill of about four lakh workers enrolled under the scheme. (Source : Ibef)

The Company's overview

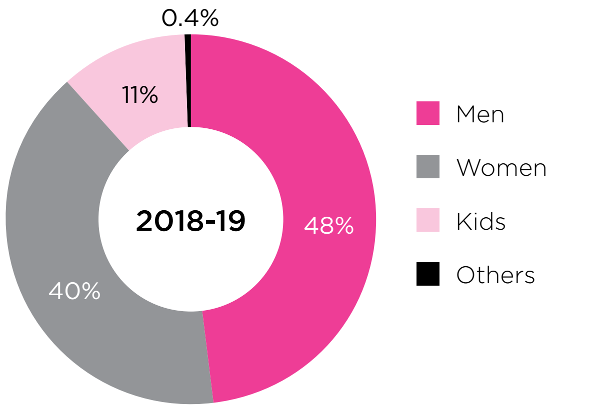
Gokaldas Exports Limited (GEL) is one of the leading apparel manufacturers and exporters in India, occupied with design, manufacture and sale of an extensive range of apparel (outerwear, active-wear and fashion-wear) for men, women and children for all seasons. It caters to the needs of several leading international fashion brands and retailers. These manufacturing facilities are complemented by GEL's integrated ancillary units which provide services like laundry, embroidery, printing, quilting and poly-wadding for the manufactured garments.

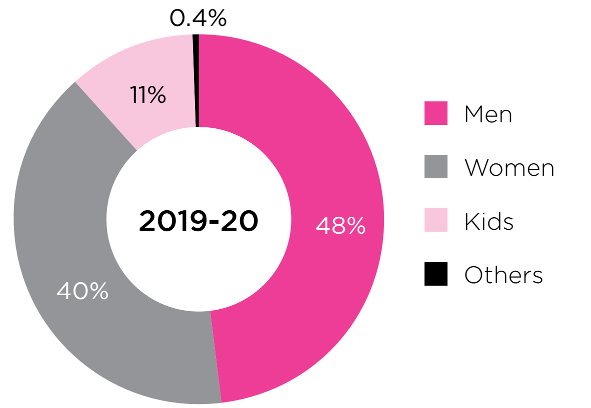
GEL has three wholly owned subsidiaries that has operating facilities with a production capacity of 30 million pieces of garments in a year.The facilities are equipped with cutting-edge infrastructure and state-of-the-art machines for sewing, cutting, printing, embroidery and finishing which enables GEL to service multiple bulk orders in a timely manner. GEL also has design, testing, fitment and quality inspection laboratories that provide support in delivering products of high quality while meeting the stringent expectation standards set by its customers.

Business profile

Gokaldas Exports Limited believes that its ability to produce new designs and samples, and execute the designs developed by its customers, have helped the Company in expanding its product portfolio. The Company has positioned itself as a multi-product global enterprise ensuring that its products include a diverse mix of apparel which can cater to the consumer needs of both international and domestic markets. The composition of the product portfolio is depicted below.

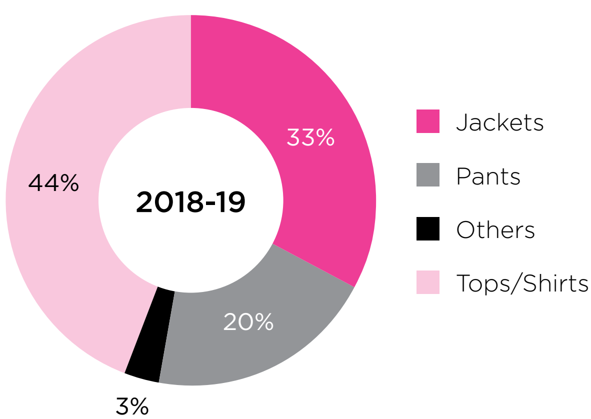
Product category

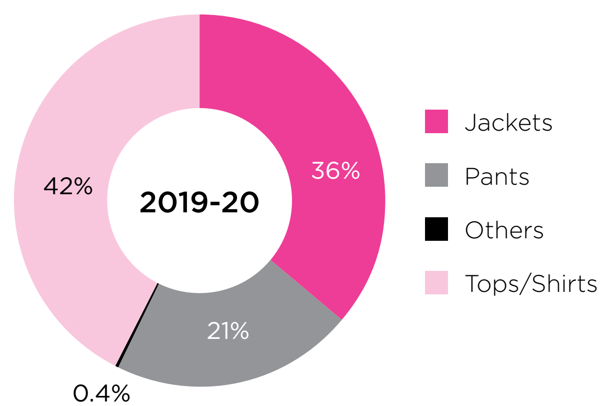




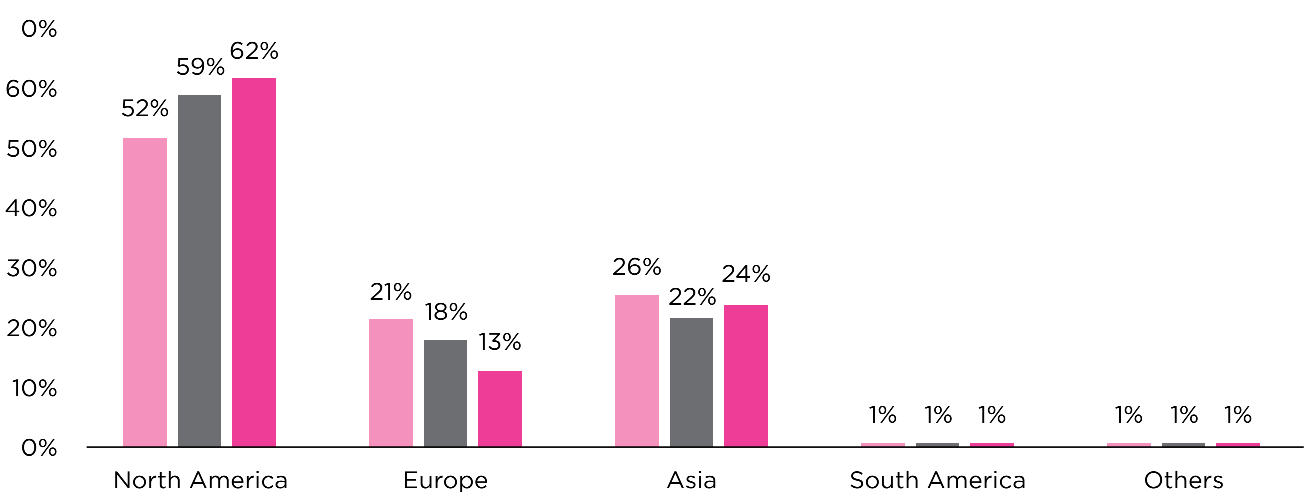
Product mix

GEL manufactures a highly diversified range of apparel. The change in the product range as compared to last year is depicted below.





Revenue Contribution



Customer service and excellence

GEL's major customer base are large apparel players of the key markets of the USA, Europe, and Asia which are well trusted by the consumers. Its long-standing relationship with these major customers has been one of the most significant factors contributing to its growth and persistent relevance. Commitment to quality and dedication towards customer service have been the corner stones of the Company's brand value. Over the years, GEL has steadily developed a robust base of international retailers of apparel and has continually received repeat business from such customers. GEL has serviced 35 customers covering exports to about 60 countries during the year. GEL believes that it enjoys the good-will of its clientele due to its ability to offer in-house designs and samples, timely response, and the capacity to cater to various order sizes. It is a preferred vendor partner for its valued customers and wishes to continue the same.

Strategic focus areas

GEL's long-term strategic objective is to continue to create value for all its stakeholders which can only be achieved by delivering quality products to its customers, consistency in customer service excellence and building consistent operational efficiency. The short and medium term goals of the Company is to continue investment behind modernisation and upgradation of its business infrastructure, cost effect capacity expansion, sustainable improvements in cash flow and returns for its stakeholders.

GEL's focus is on maintaining its market position as one of the preferred players in India in the segment it operates.

Operational Efficiency

During the year, GEL has enhanced its operating efficiency across its value chain. The initiatives undertaken by the management has resulted improvement in on-time delivery to customers, sewing efficiency higher by 1.8%, wastage reduced by 0.5% during the current year.

Opportunities

GEL's operating history in the apparel manufacturing business has helped it gain significant expertise, consumer preference and its comfortable position among the largest exporters of apparel manufacturers in India. Some of the strategic advantages it has are as follows:

- GEL's key customer base are reputed international brands from USA, Europe, and Asia which are large and growing market.
- The Company is adding new customers to reduce revenue concentration risks.
- The Company is diversifying its product folio and widening geographical reach to locations that offers duty free access to apparels from India
- The Company can leverage its in-house design, testing, fitting and quality inspection facilities.

Risk management

External risk factors

- The company derives a significant portion of the revenue in USD and is exposed to risks related to foreign exchange rate fluctuation. In any case, it has a defined foreign currency risk management policy to manage such risks and its impact.
- Changes in regulations or applicable Government incentives could adversely affect the operations and growth prospects. During the year, the Government withdrawn 4% MEIS benefits retrospectively with effect from 7th March, 2019 through a notification issuing on 4th January 2020. This change in regulation has let the company to forego Rs.41 Crores of export earnings during the year. Such downward change in regulation adversely affects the profitability of the company.
- Majority of the Asian countries have free trade agreements with the large consumer markets of the EU which makes them more competitive than India for exports to the EU.
- Increase in the wage costs and rising inflation could cause a decline in the company's profitability. During the year, the company's profitability was impacted due to retrospective implementation of the minimum wage revision in the state of Karnataka. The company prepares and makes adequate plan well ahead of the event to reduce the impact of such risks.

Internal risk factors

- The company's business has been heavily dependent on export and any reduction in the consumer base of international customers could affect profitability. The company has recognised this risk and have diversified its customer base to the US, EU and Asia.
- The company depends on timely receipt of its supply of raw materials from overseas market. Any delay in receiving raw materials could adversely affect the delivery timeline. The company mitigated these risks by building a lasting relationship with suppliers over the years ensuring better retention

coupled with better credit management and block booking of materials.

- The apparel manufacturing market is highly dynamic and success is dependent on anticipating consumer preferences or industry changes. The company's strength lies in identifying these changes and quickly modify its products based on customer preferences and changing market scenarios. Successful implementation mitigates this risk.

Human resources

GEL believes that its competitive advantage lies with its people. The people at GEL bring to the fore their enhanced expertise, multi-sectoral experience and heightened technological knowledge.

The HR structure of the Company is designed to break away from obsolete hierarchy and the aim of the Company is to promote competitiveness and individual growth. All decisions of the Company are in-keeping with the personal and professional goals of its employees thereby achieving an ideal work-life balance and enhancing their pride of association. The employee count of GEL stood at 26597 as on 31st March, 2020. The average age of the Company is 35.

Internal control systems and their adequacy

The Company has adequate internal control systems for financial reporting and control and the control systems are working effectively. The company has put internal control frameworks in place and delegation of authority is clearly spelt out with policies and procedures clearly documented. The company has appointed an independent internal auditor who monitors and reviews transactions independently and reports directly to the audit committee consisting of entirely independent directors, on a quarterly basis. The internal auditor conduct audits on all key business areas as per a pre-designed audit plan. They review and present reports on the systems and procedures at place for internal control at various departments. They perform an independent assessment of functioning of compliance procedures set under various statutes. All significant audit observations and follow-up actions are reported to the audit committee along with the internal audit report and management response. The minutes of the audit committee are reviewed by the Board.

Financial highlights

The financial statements have been prepared in compliance with the requirements of the Companies Act. 2013, and as per Generally Accepted Accounting Principle in India including Indian Accounting Standards (IndAS)

Analysis of the profit and loss statement of Consolidated Financial Statements (Figures in Rs. Crores unless otherwise stated)

Revenues: Revenues from operations reported a 16% growth from Rs. 1174.52 crore in 2018-19 to reach Rs. 1365.24 crore in 2019-20. Other incomes of the Company accounted for a 2.5 % share of the Company's revenues reflecting the Company's dependence on its core business operations.

Expenses: Total expenses of the Company increased by 20% from Rs. 1112.72 crore in 2018-19 to Rs. 1,336.67 crore (IndAS-116 impact adjusted in expenses for comparative purpose). Raw material costs, accounting for a 49.4 % share of the Company's revenues increased by 5.7 % from Rs. 523.26 crore in 2018-19 to Rs. 691.95 crore in 2019-20 owing to an increase in the operational scale of the Company. Employees expenses accounting for a 33.4 % share of the Company's revenues which remained flat (increased by 0.4 % from Rs. 394.96 crore in 2018-19 to Rs. 467.42 crore) in 2019-20. The company has taken many cost-efficient measures in the operation to manage employee costs. The marginal increase in the employee costs was due to retrospective implementation of the minimum wage revision to the extent of 10% in the state of Karnataka.

Analysis of the Balance Sheet

Sources of funds

- The capital employed by the Company increased by 3.7% from Rs. 628.41 crore as on 31st March, 2019 to Rs.651.58 crore as on 31st March, 2020 owing to increase in capital expenditure behind modernisation and upgradation of technology, plant and machineries at factories. The return on investments from such expenditure has reflects in improvement in productivity in the operations. Return on capital employed, a measurement of returns derived from every rupee invested in the business increased by 110 basis points from 9.2 % in 2018-19 to 10.3% in 2019-20 due to better management of assets and working capital.
- The net worth of the Company decreased by 5.7% from Rs. 240.38 crore as on 31st March, 2019 to Rs. 226.61 crore as on 31st March, 2020 owing to decrease in hedge reserves, essentially reduced due to effective portion of gain and loss on hedging instruments from mark to market. The Company's equity share capital comprising 4,28,25,663 equity shares of Rs. 5 each, remained unchanged during

the year under review.

- The company does not have any long-term debt. The short term borrowing of the Company marginally increased by 2.7 % to Rs. 390.95 crore as on 31st March, 2020. Net debt-equity ratio of the Company stood at 0.66 in 2019-20 compared to 0.76 in 2018-19.
- Finance costs of the Company decreased by 9.2 % (if adjusted with interest on lease liability under IndAS-116 for comparative purpose) from Rs. 32.90 crore in 2018-19 to Rs. 29.9 crore in 2019-20 following the repayment of liabilities. The Company's interest cover (IndAS adjusted) stood at a comfortable from 1.7x in 2018-19 to 2 x in 2019-20.

Applications of funds

- Fixed assets (gross) of the Company increased by 29% from Rs. 159 crore crore as on 31st March, 2019 to Rs. 205 crore as on 31st March, 2020 owing to an increase in investment on plant and machinery. Depreciation on fixed assets increased by 30 % from Rs. 19.22 crore in 2018-19 to Rs. 25.00 crore in 2019-20 (adjusted with IndAS depreciation) owing to an increase in fixed assets during the year under review.

Working capital management

- Current assets of the Company increased by 7.9 % from Rs. 521.56 crore as on 31st March, 2019 to Rs. 562.86 crore as on 31st March, 2020 owing to the growing scale of business of the Company contributed by inventory and surplus money parked in the form of mutual fund . The current and quick ratios of the Company stood at 2.23 and 1.09, respectively in 2019-20 compared to 2.88 and 1.43, respectively in 2018-19.
- Inventories including raw materials, work-in-progress and finished goods among others increased by 10.1 % from Rs. 262.69 crore as on 31st March, 2019 to Rs. 289.24 crore as on 31st March, 2020 owing to inventory held that could not be dispatched due to disruption in supply during Covid-19 .

  Despite growing business volumes, trade receivables have decreased by 11.2% from Rs.161.70 crore as on 31st March, 2019 to Rs.143.53 crore as on 31st March, 2020. The Company reduced its debtor turnover cycle from 59 days in 2018-19 to 41 days in 2019-20. This improvement could be achieved by resorting better realisation process engaging with some of the major customers.

Margins

- The company adopted many cost austerity measures like efficient use of material, reduced outbound logistic costs, however, this reduction was compensated by increase in salaries and wages in factory due to increase in the minimum wage revision for the workmen. These factors offset the improvement in EBITDA margin despite increase in the overall revenue of the company by 17%.

Key ratios

Particulars	2018-19	2019-20
EBITDA/Turnover (%)*	7.7	8.0
EBITDA/Net interest ratio*	3.54	3.68
Net Debt-equity ratio	0.76	0.66
Return on equity (%)	10.64	13.41
Book value per share (Rs.)	56.14	52.92
Earnings per share (Rs.)	6.08	7.10

** Exceptional items are excluded*

Cautionary statement

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The company assumes no responsibility to amend, modify or revise any forward-looking statements on the basis of any subsequent developments, information or events. Besides, the Company cannot guarantee that these assumptions and expectations are accurate, or will be realised as actual results, since performance or achievements could differ materially from those projected in any such forward- looking statement.

Business Responsibility Report

[Pursuant to Regulation 34(2)(f) of SEBI LODR, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1.	Corporate Identity Number (CIN) of the Company:	L18101KA2004PLC033475
2.	Name of the Company	Gokaldas Exports Limited
3.	Registered address	No.16/2 Residency Road, Bangalore, 560025, Karnataka
4.	Website	www.gokaldasexports.com
5.	E-mail id	info@gokaldasexports.com
6.	Financial Year reported	April 2019 to March, 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of Apparel and Clothing (NIC Code - 14101)
8.	List three key products/services that the Company manufactures/provides (as in balance sheet)	Garments related to Casual Wear, Outer Wear, Bottom Wear (i.e. Shorts, Trousers, Jackets for Men, Women and Kids)
9.	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	International location: Nil
	(b) Number of National Locations	National locations: 7 (seven)
10.	Markets served by the Company	National and International Markets

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (₹)	2,141.28 Lakhs
2.	Total Turnover (₹)	136,524.48 Lakhs
3.	Total profit after taxes (₹)	3,038.71 Lakhs
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	Not applicable
5.	List of activities in which expenditure in 4 above has been incurred	Not applicable

SECTION C: OTHER DETAILS

1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?	No. Business Responsibility initiatives of the Company are limited to its own operations.
	If yes, then indicate the number of such subsidiary company(s)	Not applicable
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?	No. Business Responsibility initiatives of the Company are limited to its own operations.
	If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	Not applicable

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/Directors responsible for BR

a. Details of the Director/Directors responsible for implementation of the BR policy/policies

Sl. No.	Name and DIN Number	Category / Designation
1	Richard B Saldanha, DIN: 00189029	Non- Executive & Independent Director & Chairman
2	Anuradha Sharma, DIN: 01965605	Non -Executive & Independent Director
3	Gautham Madhavan: DIN: 02826558	Non-Executive Director
4	Mathew Cyriac, DIN: 01903606	Non-Executive Director
5	Sivaramakrishnan Vilayur Ganapathi, DIN: 07954560	Executive Director - Managing Director
6	Prabhat Kumar Singh, DIN: 08275987	Executive Director - Whole-time Director

b. Details of the BR Head

Sl. No.	Particulars	Details
1	DIN Number	08275987
2	Name	Prabhat Kumar Singh
3	Designation	Executive Director
4	Telephone number	080-41272200
5	e-mail id	Prabhat.singh@gokaldasexports.com

2. Principle-wise (as per NVGs) Business Responsibility Policy/Policies

List of Principles

01 Principle

Businesses should **conduct and govern themselves with Ethics, Transparency and Accountability**

02 Principle

Business should **provide goods and services that are safe and contribute to sustainability throughout their life cycle**

03 Principle

Business should **promote the well-being of all employees**

04 Principle

Businesses should **respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

05 Principle

Businesses should **respect and promote human rights**

06 Principle

Businesses should **respect, promote and make efforts to restore the environment**

07 Principle

Businesses, **when engaged in influencing public and regulatory policy, should do so in a responsible manner**

08 Principle

Business should **support inclusive growth and equitable developments**

09 Principle

Business should **engage with and provide value to their customers and consumers in a responsible manner**

a. Details of Compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	------								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Yes								
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Yes (Official of the Company oversee implementation of the Policy)								
6	Indicate the link for the policy to be viewed online?	The Company's Policy is available on its website. www.gokaldasexports.com								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies are communicated to key internal stakeholders and it is an ongoing process								
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

b. If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The company has not understood the Principles	Not applicable								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

With effect from December 26, 2019, as per Regulation 34 (2) (f) of SEBI (LODR) Regulations 2015, Business Responsibility Report has been made mandatory for the top 1,000 listed entities based on market capitalization. Our Company being one of the top 1,000 listed entities in the country, Business Responsibility Report shall form part of the Annual Report of the Company for the year 2019-20. This Business Responsibility Performance is reviewed Annually by the management along with the Managing Director of the Company.

b. Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

Business Responsibility Report forms part of the Annual Report and also available on the Website of the Company.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs /Others?

The Corporate Principles and Code of Conduct cover the Company and are applicable to all the employees of the Company. Further the code of conduct policy is also issued to every new employee joining the Company. The Company has Code of Conduct policies for Directors as well as for employees of the Company that completely cover all issues relating to ethics, bribery and corruption.

How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company received 15 complaint during the year under review from the shareholders of the Company through Registrar and Transfer Agent (RTA). These requests were addressed by the RTA of the Company within appropriate time and disclosed on a quarterly basis through Statement of Investment Grievance to the Stock exchanges and website of the Company.

Principle 2

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   The Company manufacture readymade garments of different categories like Outer Wear, Casual Wear, Sports Wear and for Men, Women and Kids for all seasons. The company is conscious about the environmental concerns while doing production of such garments. We ensure energy conservation, minimal wastage, recycle of effluents. The company has also focused on biomass fuels that reduces the air pollution instead of diesel. Our manufacturing units are compliant under Environmental and Organic standards.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? – Not applicable

   On an average the Company has reduced energy consumption by around 7% compared to previous year, Diesel consumption was reduced by 15% from our manufacturing units.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year? – Not applicable

3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   The Company's manufacturing locations are located at Bangalore, and other locations in Karnataka and one unit in Andhra Pradesh. The raw material supplies come from domestic as well as from overseas markets. All imports are carried through Chennai / Mumbai port, where the company uses road transportation for bringing the material inhouse. We continue to explore and identify alternate suppliers and vendors who comply with global sustainability standards to strengthen sourcing resilience and business continuity.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**

    - Yes

    (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

    The criteria for selection of goods and services is quality, reliability and price, Company gives preference to small vendors, provided the product quality meets environmental standards and the specification given by the customer. For consumable, spare parts and operational services, the Company prefers to connect with local vendors to supply input materials and other requirements.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

    - The Company has installed Zero Liquid Discharge project, a state of the art technology to recycle waste water generated from our laundry unit which is recycled for re-use in the process. Plant is designed, installed and commissioned to recycle up to 92% of waste water.
    - Energy Conservation activities like replacement of florescent tube lights with LEDs at production areas, installation of VFDs in machines, lighting of factory peripheral with Solar Energy have helped us reduce overall energy consumption by approximately 5-10% in the year compared with the previous year.
    - All the fabric waste generated during manufacturing process, machine oil generated during maintenance of equipment are collected and disposed to authorised vendors for recycling.

Principle 3

Businesses should promote the wellbeing of all employees

1. **Please indicate the Total number of employees.** – 26,605
2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis** - Nil
3. **Please indicate the Number of permanent women employees.** - ~19,802
4. **Please indicate the Number of permanent employees with disabilities** - 110
5. **Do you have an employee association that is recognized by management** – The company has union but present in certain units. Management engages with union and duly elects works committee to resolve work place related concerns.
6. **What percentage of your permanent employees is members of this recognized employee association?** - Not applicable
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sl. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Not Applicable
2	Sexual harassment	11	Nil
3	Discriminatory employment	Nil	Not Applicable

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Sl. No.	Category	Safety Training	%	Skill Upgradation In Training	%	Total employees
A	Permanent Employees	23,146	87%	18,624	70%	26,605
B	Permanent Women Employees	17,228	87%	13,861	70%	19,802
C	Casual/Temporary/Contractual employees	Nil	Nil	Nil	Nil	Nil
D	Employees with Disabilities	96	87%	77	70%	110

Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the company mapped its internal and external stakeholders?**

   - Yes

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders**.

   - No vulnerable & marginalized stakeholders

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

   Many parts in the State of Karnataka were severely hit by monsoon floods in the year 2019. The impact was so severe that community in these regions lost their shelter and livelihood, including access to basic essentials. The Company supported the flood victims by providing clothes, jackets, quilts and daily essentials to restore normalcy. The Company also collaborated with its customers in relief work in some of the affected areas.

Principle 5

Businesses should respect and promote human rights.

1. **Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The Company expects all its trading partners to respect Human Rights governed by National and International Laws. The policy unequivocally prohibit Forced Labour, Child Labour and any kind of discrimination at the workplace. While promoting legally acceptable workings hours, freedom of association & collective bargaining there are also policy measures to address Sexual Harassment, Grievance Redressal, Safety, Security Health and Environmental aspects of organizational life.

   The policy implementation is supported by robust processes and reporting framework. The commitment to human rights is also embedded in the "Code of Conduct", adopted by the Company. All employees, are trained and sensitized to human rights as part of their orientation programme.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   No complaints of this nature were received during this financial year.

Principle 6

Business should respect, protect, and make efforts to restore the environment.

1. **Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**

   Policies relating to environmental protection apply to all levels of the management of the Company only.

2. **Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

   To minimise the environmental issues such as climate change, global warming following are the initiatives undertaken:

   1. Use of ZDHC (Zero Discharge of Hazardous Chemicals) approved chemicals at our Laundry and Printing Units, thereby minimising the pollution loads on environment

2. Use of solar energy for peripheral lightings at some of our manufacturing units
3. Use of LED tube lights and installation of VFDs in machines in continuous operations to reduce energy consumptions
4. To minimise environmental impact of its products, and optimize efficiency the Company is continuously upgrading technology, machinery and input materials. .

3. Does the company identify and assess potential environmental risks? Y/N

The Company periodically undertakes impact assessment of potential environmental risks through assessment at organizational and Site level to minimize such impact.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

The Company is in process of taking efforts to mitigate the impact of environmental risks and no Environmental Compliance Report is required to be filed.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Many energy conservation initiatives are undertaken during the year at our manufacturing units

a. Installation of LEDs lighting in place of fluorescent tube lights
b. Installation of VFD (Variable Frequency Drive) in compressors and other machines
c. Change of Diesel to Briquettes (Biomass) as fuel to fire Boiler for production of steam
d. All peripheral lighting powered using Solar energy

The Company uses Higg Index FEM 3.0 to report on sustainability. Developed by the Sustainable Apparel Coalition, the Higg Index is a suite of tools that enable all stakeholders in the supply chain to measure and score sustainability.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. All emissions/waste generated are within limits given by the CPCB/SPCB for the financial year being reported. Periodical inspection and servicing of equipment are carried out to improve efficiency and performance.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

No show cause/legal notice has been received from CPCB/SPCB during the financial year under review.

Principle 7

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

Yes. The Company is a member of the following Trade Associations.

Name of the Trade Association – Apparel Export Promotion Council (AEPC), The Clothing Manufacturers Association of India (CMAI) and Bangalore Chamber of Commerce (BCC).

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No;

Yes

If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

The Company uses the industry forums to represent to the Government on matters of state policy impacting the industry in general. Our members actively work with industry bodies in providing inputs on industrial policy, export promotion etc. We have also supported the Government and various District Administration in relief work, through such industry forums.

Principle 8

Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes / initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   Yes, the Company has formulated a well-defined CSR Policy which focuses majorly on Health, Education, Community Development and Environment for the betterment of our society and environment.

2. **Are the programmes / projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?**

   All the defined programmes are undertaken through own inhouse team. No support has been taken from outside organization.

3. **Have you done any impact assessment of your initiative?**

   Yes, The company's in-house leadership team reviews the progress, assess the impact and suggest the way forward as deemed necessary.

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken**

   As a part of community development, The Company has constructed a bicycle stand for the government schools childrens located near to our one the manufacturing unit in Doddaballapur area. The total project cost was Rs. 5 lakhs.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   - HR managers of the units pay visit periodically and ensure that the project is utilised appropriately and is serving the purpose.

Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/ consumer cases are pending as on the end of financial year?**

   - Nil

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A./ Remarks (additional information)**

   Not Applicable – As garments manufactured by the Company are specific to each customer, there is no possibility of displaying product label over and above the local law.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

   - Nil

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   The company carries out customer satisfaction survey at a frequency of every year

Standalone and Consolidated Financial Statements

Independent Auditor's Report

To the Members of
Gokaldas Exports Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Gokaldas Exports Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following matters in the Notes to the standalone financial statements:

a) Note 48 to the audited financial statements which states that certain foreign customers with an aggregate outstanding balance of ₹357 Lakhs as on March 31, 2020 had filed a plan for reorganization of its business and creditors in the court ('the reorganization plan'). Consequently, based on recommendation of legal counsel, the Company has filed a claim with the relevant authorities. Based on the settlement by the Administrative Expense Claims Consent Program negotiated under the reorganization plan, subsequent realisation and expected recovery the Company has created a provision on account of expected loss amounting to ₹523 Lakhs towards these claims. Further, subsequent to the year-ended March 31, 2020, another foreign customer has filed for a plan for reorganization of its business and creditors in the court. The company has filed a creditor claim and based on the assessment of recovery has created a provision on account of expected loss amounting to ₹125 Lakhs.

b) Note 53 to the financial statements which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that primarily the operational aspects of the business have been affected substantially only subsequent to year end. Management has considered the mitigating actions taken and results of its assessment on subsequent events and concluded that there is no significant impact which is required to be recognised in the financial statements.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Allowance for Doubtful Debts:** Refer Note 48 to the Standalone Financial Statements Certain foreign customers with an aggregate outstanding balance of ₹357 Lakhs as on March 31, 2020 had filed a plan for reorganization of its business and creditors in respective jurisdictional courts. Consequently, based on recommendation of its legal counsel, the Company had filed a claim with the relevant authorities for the aforesaid receivable. Based on further development and final settlement confirmed by the court appointed claim administrative manager, the Company has made a total expected credit loss provision of ₹523 Lakhs on these receivables till date. The Company has received one tranche of payments during the year from the confirmed settlement and the balance is expected to be settled in two tranches which Management is confident of recovery. Additionally, subsequent to the year ended March 31, 2020, another foreign customer with an outstanding receivable balance of ₹815 Lakhs as at March 31, 2020, has filed a plan for reorganization of its business and creditors in the court, the Company has filed a creditor claim for the balances outstanding and remaining unrealised as at date of such filing i.e. ₹250 Lakhs. Based on the expected recovery the Company has created a provision on account of expected loss amounting to ₹125 Lakhs. The eventual outcome of the above matter is uncertain, and the positions taken by the Company are based on the application of significant estimation and judgement, due to which we have determined this to be a key audit matter.	Our audit procedures in respect of this area included: 1. Understanding and evaluating process and controls designed and implemented by the Management including testing of relevant controls on accounts receivable and provision assessment. 2. Assessing the recoverability of the amounts due, through inquiry with management and verifying corroborative evidence to support the conclusions drawn. 3. Assessing management's estimate and related policies w.r.t expected credit loss provision. 4. Reviewing legal and other documentation available with the Company to understand the legal position of the Company and confirm facts relating to the matter. 5. Verifying the transactions on a test check basis with underlying supporting documents including subsequent realisations. 6. Inspecting the documentation received from the customer for the settlements confirmed and claims filed. 7. Reviewed the management assessment of subsequent event. 8. Verifying the adequacy of the disclosure made by the Company in the financial statements.
2	Recognition, Measurement and Presentation as per 'Ind AS 105 – Non-Current Assets Held for Sale and Discontinued Operations'. Refer Note 44 to the Standalone Financial Statements. During the year ended March 31, 2018, the Company had acquired compulsorily convertible preference shares (CCPS) in Yepme UK Limited ('the investment' or 'Yepme'). This investment was classified as 'held for sale' upto March 31, 2019 pursuant to the approval of Board of Directors for disposal of the investment.	Our audit procedures in respect of this area included: 1. Reviewing the agreement for purchase of compulsorily convertible preference shares in Yepme to assess on the nature of investment. 2. Reviewing supporting evidence w.r.t management's actions towards recovery and communications with Yepme. 3. Evaluating the conditions stated in 'Ind AS 105-Non-Current Assets Held for Sale and Discontinued Operations' to the said transaction.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	Post classification, circumstances arose that were previously considered unlikely and as a result, the investment was not sold as on March 31, 2019. The Company has continued to classify the investment as 'held for sale' as on March 31, 2019 as the management remains committed to the plan of selling the investment in near future and is taking necessary actions to identify and evaluate potential buyers. The company was not in the possession of relevant financial information relating to Yepme, and accordingly, the management had fully provided for the value of investment and had disclosed the same as an exceptional item. During the year pursuant to further developments in the matter including litigation filed by the Company against Yepme and its Holding Company, and insolvency application filed by the Holding Company of Yepme, there have been significant restrictions on the Company's ability to exercise significant influence and also drive economic benefit from the Investment in Yepme. Considering that Management has reassessed the classification of the balance and reclassified it from "Investment in Associate" to "Investment in Others". Further, the Company has become eligible, and subsequent to year end invoked its option to require Yepme and its holding company to buyback the CCPS from the Company. The management has assessed the Nil fair value of these and therefore no adjustments made to the financial statements. Due to the significance of the above matter, we have considered this as a key audit matter.	4. Discussion with the Management and verification of evidence available to evaluate the Company's actions to obtain the financial statements / financial information of Yepme and also correspondences with legal counsel, external foreign regulators and court appointed Insolvency professional. 5. Evaluation of classification of the Investment and management assessment for concluding lack of significant influence. 6. Reviewed the results of managements assessments of subsequent events. 7. Review of adequacy of disclosures in respect of the said transaction.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report etc but does not include the standalone financial statements and our auditor's report thereon. The Management report, Chairman's statement, Director's report etc is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Other Matter

(a) Due to the COVID-19 related lockdown we were not able to participate in the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to the audit of existence of inventory as per the guidance provided in SA 501 – "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Standalone Financial Statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”.

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 33 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No.: 113292
UDIN: 20113292AAAALB8317

Place: Bengaluru
Date: June 26, 2020

Annexure A to the Independent Auditor's Report on even date on the Standalone Financial Statements of Gokaldas Exports Limited

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No.: 113292
UDIN: 20113292AAAALB8317

Place: Bengaluru
Date: June 26, 2020

Annexure B to Independent Auditors' Report of even date on the Standalone Financial Statements of Gokaldas Exports Limited for the year ended 31 March 2020

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).

(b) All the fixed assets (Property, Plant and Equipment) have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ii. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on verification between the physical stock and the book records.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us , in our opinion , undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount ₹ in Lakhs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Various Disallowances	278.43	A.Y. 1995-96	High Court
Income Tax Act, 1961	Penalty	559.94	A.Y. 2012-13	Income Tax Appellate Tribunal
Employee's Provident Fund and Miscellaneous Provisions Act, 1952	Interest and Penalty, etc.	122.54	April 2005-08, June 2008 to August 2008 & July 2008 to July 2015	Employees Provident Fund Tribunal

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No.: 113292
UDIN: 20113292AAAALB8317

Place: Bengaluru
Date: June 26, 2020

Annexure C to the Independent Auditor's Report of even date on the Standalone Financial Statements of Gokaldas Exports Limited

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Gokaldas Exports Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to standalone financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No.: 113292
UDIN: 20113292AAAALB8317

Place: Bengaluru
Date: June 26, 2020

Standalone Balance Sheet as at March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non- current assets			
Property, plant and equipment	3 (a)	12,694.46	10,532.89
Right-of-use assets	3 (b)	4,206.45	-
Capital work-in-progress	3 (a)	78.98	144.76
Other intangible assets	4	220.06	184.69
Financial assets			
Investments	5	1,987.75	1,987.75
Loans	6	3,398.32	2,236.98
Other financials assets	7	13,907.58	13,246.57
Deferred tax assets	8(a)	74.19	-
Non current tax assets (net)	8(b)	1,162.92	1,270.68
Other non current assets	9	204.01	428.56
Total non-current assets		**37,934.72**	**30,032.88**
Current assets			
Inventories	10	28,630.46	25,770.90
Financial assets			
Investments	5	3,551.45	-
Trade receivables	11	14,352.92	16,167.47
Cash and cash equivalents	12	1,223.45	1,110.23
Other financials assets	7	671.65	2,122.01
Other current assets	9	7,556.89	6,457.32
Total current assets		**55,986.82**	**51,627.93**
Assets classified as held for disposal		-	595.22
Total assets		**93,921.54**	**82,256.03**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	13	2,141.28	2,140.78
Other equity	14	20,725.05	21,814.56
Total equity		**22,866.33**	**23,955.34**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	33(I)	2,865.95	-
Provision for employee benefits	15	450.81	406.65
Total non-current liabilities		**3,316.76**	**406.65**
Current liabilities			
Financial liabilities			
Borrowings	16	39,095.07	38,070.07
Trade payables	17		
Total outstanding dues of micro, small and medium enterprises		24.39	18.62
Total outstanding dues of creditors other than micro, small and medium enterprises		11,352.49	8,530.04
Lease liabilities	33(I)	2,031.94	-
Other current financial liabilities	18	11,188.09	7,469.90
Other current liabilities	19	1,003.89	894.52
Provision for employee benefits	15	3,042.58	2,590.89
Total current liabilities		**67,738.45**	**57,574.04**
Liabilities directly associated with assets classified as held for sale		-	320.00
Total liabilities		**71,055.21**	**58,300.69**
Total equity and liabilities		**93,921.54**	**82,256.03**

Summary of significant accounting policies. 2.2

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
June 26, 2020

For and on behalf of the Board of Directors of Gokaldas Exports Limited
CIN: L18101KA2004PLC033475

Richard B Saldanha
Chairman of Board of Directors
DIN: 00189029

Place: Hyderabad

Sivaramakrishnan Vilayur Ganapathi
Managing Director
DIN: 07954560

Sathyamurthy A
Chief Financial Officer

Place: Bengaluru
June 26, 2020

Sameer Sudarshan R V
Company Secretary
Membership No.: A48679

Place: Bengaluru
June 26, 2020

Standalone Statement of Profit and Loss for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

		Notes	March 31, 2020	March 31, 2019
I	**Income**			
	Revenue from operations	20	136,220.49	117,337.17
	Other income	21	3,483.09	2,159.36
	Total income		**139,703.58**	**119,496.53**
II	**Expenses**			
	Cost of raw materials and components consumed	22	69,505.56	58,964.68
	Changes in inventories of finished goods and work-in-progress	23	(618.94)	(6,700.01)
	Employee benefits expense	24	46,698.75	39,447.97
	Finance costs	25	3,654.55	3,289.59
	Depreciation and amortization expenses	26	5,434.45	1,918.94
	Job work charges		1,062.79	1,549.87
	Other expenses	27	12,724.42	17,899.36
	Total expenses		**138,461.58**	**116,370.40**
III	**Profit/(Loss) before exceptional items and tax (I-II)**		**1,242.00**	**3,126.13**
IV	**Exceptional items**	28	(1,993.94)	626.56
V	**Profit/(Loss) after exceptional items and before tax (III-IV)**		**3,235.94**	**2,499.57**
VI	**Tax expenses**			
	Current tax		74.19	-
	Adjustment of tax relating to earlier years		-	(63.33)
	Deferred tax (credit)/charge		(74.19)	-
			-	**(63.33)**
VII	**Profit/(Loss) after tax for the year (V-VI)**		**3,235.94**	**2,562.90**
VIII	**Other comprehensive income/ (loss) (net of tax)**			
	Items that will not be reclassified to profit or loss in subsequent periods:			
	Re-measurement gains/ (losses) on defined benefit plan		(198.89)	(176.44)
	Income tax effect		-	-
	Items that will be reclassified to profit or loss in subsequent periods:			
	The effective portion of gain and loss on hedging instruments in a cash flow hedge (net)		(3,401.95)	1,450.71
	Total other comprehensive income/ (loss) for the year, net of tax		**(3,600.84)**	**1,274.27**
IX	**Total comprehensive income for the period attributable to equity holders (VII+VIII)**		**(364.90)**	**3,837.17**
X	**Earnings per equity share (EPS) [nominal value of ₹5 (March 31, 2019- ₹5)]**	30		
	Basic EPS		7.56	6.09
	Diluted EPS		7.11	5.93

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm registration number: 105047W

For and on behalf of the Board of Directors of
Gokaldas Exports Limited
CIN: L18101KA2004PLC033475

Deepak Rao
Partner
Membership No.: 113292

Richard B Saldanha
Chairman of Board
of Directors
DIN: 00189029
Place: Hyderabad

Sivaramakrishnan Vilayur Ganapathi
Managing Director
DIN: 07954560

Sathyamurthy A
Chief Financial Officer

Sameer Sudarshan R V
Company Secretary
Membership No.: A48679

Place: Bengaluru
June 26, 2020

Place: Bengaluru
June 26, 2020

Place: Bengaluru
June 26, 2020

Standalone statement of changes in equity for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

a. Equity share capital

	No of Shares	Amount
Equity shares of ₹5 each issued, subscribed and fully paid		
At April 1, 2018	34,952,829	1,747.64
Add: Issued during the year	7,862,834	393.14
At March 31, 2019	**42,815,663**	**2,140.78**
At April 1, 2019	42,815,663	2,140.78
Add: Issued during the year	10,000	0.50
At March 31, 2020	**42,825,663**	**2,141.28**

b. Other equity

For the year ended March 31, 2020

	Attributable to equity holders of the Company (refer note 14)						Total
	Reserves and Surplus					Items of OCI	
	Securities premium	General reserve	Capital Reserve on amalgamation	Share based payments reserve	Retained earnings	Cash flow hedge reserve	
As at April 1, 2019	20,404.44	2,192.09	9,754.45	479.87	(12,392.47)	1,376.18	21,814.56
Profit for the year	-	-	-	-	3,235.94	-	3,235.94
The effective portion of gain and loss on hedging instruments in a cash flow hedge (net) (refer note 34)	-	-	-	-	-	(3,401.95)	(3,401.95)
Remeasurement of post employment benefits obligations, net of tax	-	-	-	-	(198.89)	-	(198.89)
Total comprehensive income	**20,404.44**	**2,192.09**	**9,754.45**	**479.87**	**(9,355.42)**	**(2,025.77)**	**21,449.66**
Additions on account of shares issued during the year	2.72	-	-	-	-	-	2.72
Change in accounting policy on adoption of Ind AS 116 (refer note 33(I))	-	-	-	-	(1,431.24)	-	(1,431.24)
Transfer to securities premium on exercise of equity stock options	51.97	-	-	(51.97)	-	-	-
Share based payment expense (Refer note 38)	-	-	-	703.91	-	-	703.91
At March 31, 2020	**20,459.13**	**2,192.09**	**9,754.45**	**1,131.81**	**(10,786.66)**	**(2,025.77)**	**20,725.05**

Standalone statement of changes in equity for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

For the year ended March 31, 2019

	Attributable to equity holders of the Company (refer note 14)						Total
	Reserves and Surplus					Items of OCI	
	Securities premium	General reserve	Capital Reserve on amalgamation	Share based payments reserve	Retained earnings	Cash flow hedge reserve	
As at April 1, 2018	13,899.88	2,192.09	9,754.45	263.05	(14,778.93)	(74.53)	11,256.01
Profit for the year	-	-	-	-	2,562.90	-	2,562.90
The effective portion of gain and loss on hedging instruments in a cash flow hedge (net) (refer note 34)	-	-	-	-	-	1,450.71	1,450.71
Remeasurement of post employment benefits obligations, net of tax	-	-	-	-	(176.44)		(176.44)
Total comprehensive income	**13,899.88**	**2,192.09**	**9,754.45**	**263.05**	**(12,392.47)**	**1,376.18**	**15,093.18**
Additions on account of shares issued during the year *	6,436.33	-	-	-	-	-	6,436.33
Transfer to securities premium on exercise of equity stock options	68.23	-	-	(68.23)	-	-	-
Share based payment expense (Refer note 38)	-	-	-	285.05	-	-	285.05
At March 31, 2019	**20,404.44**	**2,192.09**	**9,754.45**	**479.87**	**(12,392.47)**	**1,376.18**	**21,814.56**

*net off of share issue expenses of ₹195.96 lakhs

Refer note 2.2 for summary of significant accounting policies.

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
June 26, 2020

For and on behalf of the Board of Directors of
Gokaldas Exports Limited
CIN: L18101KA2004PLC033475

Richard B Saldanha
Chairman of Board
of Directors
DIN: 00189029
Place: Hyderabad

Sivaramakrishnan Vilayur Ganapathi
Managing Director
DIN: 07954560

Sathyamurthy A
Chief Financial Officer

Place: Bengaluru
June 26, 2020

Sameer Sudarshan R V
Company Secretary
Membership No.: A48679

Place: Bengaluru
June 26, 2020

Standalone cash flow statement for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

	Notes	March 31, 2020	March 31, 2019
Cash flow from operating activities			
Profit before tax		1,242.00	3,126.13
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation / amortization expense		5,434.45	1,918.94
Net (gain) / loss on disposal of property, plant and equipment		(43.47)	(59.27)
Unrealised foreign exchange (gain)/loss, (net)		232.37	(74.19)
Gain on sale of investments in mutual fund units		(168.24)	(173.18)
Income from government grant		(570.37)	(300.18)
Share based payments to employees		703.91	285.05
Interest income		(1,167.68)	(1,131.05)
Finance costs		3,654.55	3,289.59
Irrecoverable balances written off		-	565.93
Provision for doubtful deposits and advances		-	30.00
Provision for doubtful debts		514.01	327.73
Export Incentives Receivables written off		(610.84)	-
Excess provision of earlier years written back		(5.17)	(173.10)
Operating profit/(loss) before working capital changes		9,215.52	7,632.40
Changes in operating assets and liabilities:			
(Increase)/ decrease in loans		(1,131.76)	314.67
(Increase)/ decrease in other financial assets		0.48	14.95
(Increase)/ decrease in other assets		(1,397.98)	124.15
(Increase)/ decrease in inventories		(2,859.56)	(8,438.75)
(Increase)/ decrease in trade receivables		1,663.90	5,020.41
Increase/ (decrease) in provisions for employee benefits		296.96	382.94
Increase/ (decrease) in trade payables		2,819.33	(1,021.45)
Increase/ (decrease) in other financial liabilities		858.12	675.39
Increase/ (decrease) in other liabilities		89.95	23.44
		9,554.96	4,728.15
Direct taxes refunded/ (paid) (net of refund/payments)		33.57	397.66
Net cash flows from/ (used in) operating activities (A)		**9,588.53**	**5,125.81**
Cash flow from investing activities			
Purchase of property, plant and equipment (including intangible assets and capital work-in-progress)		(3,775.39)	(2,442.06)
Proceeds from sale of property, plant and equipment		2,994.88	209.71
Investments in bank deposits		(13,684.42)	(13,220.78)
Redemption of bank deposits		13,022.50	14,093.84
Investment in mutual fund units		(8,800.00)	(6,700.00)
Proceeds from sale of investment in mutual fund units		5,416.79	6,873.18
Interest income received		1,160.61	1,186.19
Net cash flows from/ (used in) investing activities (B)		**(3,665.03)**	**0.08**
Cash flow from financing activities			
Proceeds from issue of shares / exercise of share options including share application money		3.22	6,829.47
Proceeds of short-term borrowings		198,223.23	173,724.71
Repayment of short-term borrowings		(195,973.11)	(182,795.97)
Payment of lease liabilities		(3,786.57)	-
Finance costs paid		(2,854.13)	(3,448.69)
Net cash flows from/ (used in) financing activities (C)		**(4,387.36)**	**(5,690.48)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		1,536.14	(564.59)
Cash and cash equivalents at the beginning of the year	12	(2,488.01)	(1,923.42)
Cash and cash equivalents at the end of the year		**(951.87)**	**(2,488.01)**

Standalone cash flow statement for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

	Notes	March 31, 2020	March 31, 2019
Components of cash and cash equivalents			
Cash and cash equivalents as per above comprise of the following			
Cash and cash equivalents (refer note 12)		1,223.45	1,110.23
Bank overdraft		(2,175.32)	(3,598.24)
Total cash and cash equivalents	12	**(951.87)**	**(2,488.01)**

Summary of significant accounting policies 2.2

Explanatory notes to statement of cash flows

1. Changes in liabilities arising from financial activities:

Particulars	March 31, 2020	March 31, 2019
Liabilities arising from financing activities		
Short term borrowings (Refer note 16)		
Opening balance	**34,471.83**	**43,624.55**
Cash flow changes:		
Proceeds / (repayment of borrowings)	2,250.12	(9,071.26)
Non-cash changes		
Foreign exchange fluctuations	197.80	(81.46)
Closing balance	**36,919.75**	**34,471.83**

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
June 26, 2020

For and on behalf of the Board of Directors of
Gokaldas Exports Limited
CIN: L18101KA2004PLC033475

Richard B Saldanha
Chairman of Board
of Directors
DIN: 00189029

Place: Hyderabad

Sivaramakrishnan Vilayur Ganapathi
Managing Director
DIN: 07954560

Sathyamurthy A
Chief Financial Officer

Place: Bengaluru
June 26, 2020

Sameer Sudarshan R V
Company Secretary
Membership No.: A48679

Place: Bengaluru
June 26, 2020

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

1 Corporate information

Gokaldas Exports Limited ('the Company') (having Corporate Identity Number (CIN): L18101KA2004PLC033475) was incorporated on March 1, 2004 by converting the erstwhile partnership firm Gokaldas India under Part IX of the Companies Act,1956. Pursuant to the order of the Hon'ble High Court of Karnataka dated November 20, 2004, Gokaldas Exports Private Limited and The Unique Creations (Bangalore) Private Limited had been amalgamated with the Company, with effect from April 1, 2004 being the appointed date. The Company currently operates a 100% Export Oriented Unit, a Domestic Tariff Area Unit and a Special Economic Zone Unit.

The Company is a public company domiciled in India and its shares are listed on National Stock Exchange and Bombay Stock Exchange in India. The registered office of the Company is located in Bangalore. The Company is engaged in the business of design, manufacture, and sale of a wide range of garments for men, women, and children and caters to the needs of several leading international fashion brands and retailers. The principal source of revenue for the Company is from manufacture and sale of garments and related products, both domestic and overseas.

2 Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its standalone financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these standalone financial statements.

2.1 Statement of Compliance with Ind AS

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as 'Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from April 1, 2016. The standalone financial statements of the Company, have been prepared and presented in accordance with Ind AS.

The standalone financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which are measured at fair value.

The functional and presentation currency of the Company is Indian Rupee (₹) which is the currency of the primary economic environment in which the Company operates. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

2.2 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the standalone balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

The Company has identified twelve months as its operating cycle.

b. Fair value measurement of financial instruments

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

> In the principal market for the asset or liability, or

> In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

c. Foreign currencies

In preparing the standalone financial statements, transactions in the currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in the foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period

d. Revenue recognition

i. Revenue from Contracts with Customers:

Effective April 1, 2018, the Company adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method , the comparatives have not been retrospectively adjusted.

The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Performance obligations and timing of revenue recognition:

The Company derives its revenue primarily from export of garments and related products, with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer/ agent nominated by the customer. There is limited judgement needed in identifying the point when control passes:

- once physical delivery of the products has occurred to the location as per agreement,
- the Company no longer has physical possession,
- usually will have a present right to payment (as a single payment on delivery) and
- retains none of the significant risks and rewards of the goods in question

The Company also derives some revenue from job work contracts. In these cases, revenue is recognised as and when services are rendered i.e. the products on which job work is performed is delivered to the customer at agreed location.

Determining the transaction price:

The Company’s revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. There is no significant variable consideration invoved.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each unit sold, therefore, there is no judgement involved in allocating the contract price to each unit.

Costs of fulfilling contracts:

The costs of fulfilling contracts do not result in the recognition of a separate asset because such costs are included in the carrying amount of inventory for contracts involving the sale of goods.

The Company presents revenues net of indirect taxes in its Statement of Profit and loss.

Advances received from customers are in the nature of contract liability.

iii. Revenue from export incentives:

Export incentives are recognised on accrual basis in accordance with the applicable schemes formulated, by the Government of India and where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

iv. Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income (‘OCI’), interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

v. Dividends:

Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend.

vi. Others:

Insurance / other claims are recognized on acceptance basis.

e. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets , its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

a) The appropriate level of management is committed to a plan to sell the asset,

b) An active programme to locate a buyer and complete the plan has been initiated,

c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and

e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

f. Government grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as income in the standalone statement of profit and loss upon fulfilment of the conditions attached to the grant received. These grants are presented in the standalone balance sheet by deducting the grant in arriving at the carrying amount of the asset. Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

Export incentives are recognized on accrual basis in accordance with the applicable schemes formulated, by the Government of India and where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

g. Taxes

Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets include Minimum Alternative Tax (‘MAT’) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

h. Property, plant and equipment (PPE) and Intangible assets and Depreciation / amortization

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2016.

Freehold land is carried at historical cost and is not depreciated. Capital work in progress and all other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are de-recognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component / part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Depreciation is provided using the written down value method as per the useful lives of the assets estimated by the management with residual value at 5%, which is equal to the corresponding rates prescribed under schedule II of the Companies Act, 2013.

Category of asset	Estimated useful life (in years)
Buildings	30 years
Plant and Machinery	15 years
Electrical Equipment	10 years
Furniture and fixtures	10 years
Office equipment	5 years
Vehicles	8 years
Computers	3 years

Leasehold improvements are capitalized at cost and amortized over their expected useful life or the non-cancellable term of the lease, whichever is less.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the effect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the standalone statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Computer software	Definite (2.5 years)	WDV	Acquired

i. Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

The Company's lease asset classes primarily consist of leases for Buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition to Ind AS 116

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. The Company has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised,in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

Adoption of Ind AS 116 did not have a significant impact on the standalone financial statements for the year ended March 31, 2020.

k. Inventories

Inventories are valued as follows:

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost or net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. 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.

Work in progress and finished goods are valued at lower of cost or net realisable value. Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on a weighted average basis. These are valued at lower of cost and net realisable value after considering provision for obsolescence and other anticipated loss, wherever considered necessary.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l. Provisions and contingent liabilities

i. Provisions:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

ii. Contingent liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the standalone financial statements.

Provisions and contingent liabilities are reviewed at each balance sheet.

m. Retirement and other employee benefits

Retirement benefit in the form of provident fund, employee state insurance and pension fund are defined contribution scheme. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to provident fund, pension fund and employee state insurance as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, allowances and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Gratuity liability is a defined benefit obligation which is funded through policy taken from Life Insurance Corporation of India('LIC') and liability (net of fair value of investment in LIC) is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each balance sheet date. Every employee who has completed 4 years 240 days or more of the service gets a gratuity on departure at 15 days' salary (last drawn salary) of each completed year of service. The fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

The Company presents the leave as a current liability in the standalone balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the standalone balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

a. The date of the plan amendment or curtailment, and

b. The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b. Net interest expense or income

n. Share- based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the service / performance conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of standalone profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (except for anti-dilution).

o. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss. In case of interest free or concession loans/debentures/preference shares given to subsidiaries, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

Investment in equity instruments issued by subsidiaries, associates and joint ventures are measured at cost less impairment.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(a) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets excluding investments in subsidiary

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income.

The company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Impairment loss on investments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

(b) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

i. Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

ii. De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

p. Derivative financial instruments

The Company holds derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

a. Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting gains or losses are included in the statement of profit and loss.

b. Cash flow hedge accounting

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the standalone statement of profit and loss.

q. Impairment of non-financial assets

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary companies to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

r. Corporate social responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss.

s. Cash and Cash equivalent

Cash and cash equivalent in the standalone balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

3 (a). Property, plant and equipment and Capital work-in-progress

Particulars	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Electrical equipments	Office equipments	Furniture and fixtures	Computers	Vehicles	Total	Capital work-in-progress	Total
Gross carrying value [1]												
At April 1, 2018	954.01	2,031.59	338.46	8,336.38	275.34	181.89	295.91	284.61	70.76	12,768.95	7.00	7.00
Additions	37.01	45.24	439.66	2,810.29	110.33	81.01	66.56	88.16	8.67	3,686.93	137.76	137.76
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-
Classified as held for sale [2]	(256.24)	(480.85)	-	-	-	-	-	-	-	(737.09)		
Disposals	-	-	-	(219.78)	(0.06)	-	-	-	(5.21)	(225.05)	-	-
At March 31, 2019	**734.78**	**1,595.98**	**778.12**	**10,926.89**	**385.61**	**262.90**	**362.47**	**372.77**	**74.22**	**15,493.74**	**144.76**	**144.76**
Additions	-	34.02	664.88	3,486.09	164.98	99.01	45.80	91.04	-	4,585.82	78.98	78.98
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	(144.76)	(144.76)
Disposals	-	-	-	(126.60)	-	-	-	(1.39)	-	(127.99)	-	-
At March 31, 2020	**734.78**	**1,630.00**	**1,443.00**	**14,286.38**	**550.59**	**361.91**	**408.27**	**462.42**	**74.22**	**19,951.57**	**78.98**	**78.98**
Depreciation												
At April 1, 2018	-	359.59	99.59	2,427.42	68.09	87.04	110.08	186.16	18.16	3,356.13	-	-
Charge for the year	-	157.60	137.29	1,316.96	42.32	50.94	36.69	66.41	12.99	1,821.20	-	-
Classified as held for sale [2]	-	(141.87)	-	-	-	-	-	-	-	(141.87)	-	-
Disposals	-	-	-	(71.75)	-	-	-	-	(2.86)	(74.61)	-	-
At March 31, 2019	**-**	**375.32**	**236.88**	**3,672.63**	**110.41**	**137.98**	**146.77**	**252.57**	**28.29**	**4,960.85**	**-**	**-**
Charge for the year	-	254.27	278.54	1,540.80	62.68	78.17	39.72	90.25	9.03	2,353.46	-	-
Disposals	-	-	-	(56.03)	-	-	-	(1.17)	-	(57.20)	-	-
At March 31, 2020	**-**	**629.59**	**515.42**	**5,157.40**	**173.09**	**216.15**	**186.49**	**341.65**	**37.32**	**7,257.11**	**-**	**-**
Net Book value												
At March 31, 2020	**734.78**	**1,000.41**	**927.58**	**9,128.98**	**377.50**	**145.76**	**221.78**	**120.77**	**36.90**	**12,694.46**	**78.98**	**78.98**
At March 31, 2019	**734.78**	**1,220.66**	**541.24**	**7,254.26**	**275.20**	**124.92**	**215.70**	**120.20**	**45.93**	**10,532.89**	**144.76**	**144.76**

[1] The Company has availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment and capital work-in-progress as at April 1, 2016 under the previous GAAP has been carried forward as the deemed costs under Ind AS.

[2] Pursuant to the approval of Board of Directors, during the year ended March 31, 2019, the Company initiated identification and evaluation of potential buyers for one of its land and building. Accordingly these assets have been classified as 'held for sale'. During the year end March 31, 2020, the Company has entered into an agreement to sell the aforementioned land and building for values higher than the carrying value.

Refer note 16(10) for information on property, plant and equipment pledged as security by the Company.

Capital work-in-progress mainly comprises of leasehold improvements under construction.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

3 (b) Right-of-use assets

	Buildings	Total
Right-of-use assets		
At April 1, 2019	6,352.02	6,352.02
Additions	790.91	790.91
At March 31, 2020	**7,142.93**	**7,142.93**
Amortisation		
At April 1, 2019	-	-
Additions	2,936.48	2,936.48
At March 31, 2020	**2,936.48**	**2,936.48**
Net Book value		
At March 31, 2020	**4,206.45**	**4,206.45**

Refer Note 33(I) for details on Right-of-use assets.

4 Other intangible assets

	Computer Software	Total
Gross carrying value [1]		
At April 1, 2018	226.88	226.88
Additions	156.72	156.72
At March 31, 2019	**383.60**	**383.60**
Additions	179.88	179.88
At March 31, 2020	**563.48**	**563.48**
Amortisation and impairment		
At April 1, 2018	101.17	101.17
Amortisation	97.74	97.74
At March 31, 2019	**198.91**	**198.91**
Amortisation	144.51	144.51
At March 31, 2020	**343.42**	**343.42**
Net book value		
At March 31, 2020	**220.06**	**220.06**
At March 31, 2019	**184.69**	**184.69**

[1] The Company has availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment and capital work-in-progress as at April 1, 2016 under the previous GAAP has been carried forward as the deemed costs under Ind AS.

5 (a) Non Current Investments

	March 31, 2020	March 31, 2019
Investments carried at amortised cost		
(i) Unquoted equity shares of subsidiary companies (domestic companies)		
All Colour Garments Private Limited	333.98	333.98
20,000 (March 31, 2019 : 20,000) equity shares of ₹10 each, fully paid-up		
Vignesh Apparels Private Limited	80.89	80.89
20,000 (March 31, 2019 : 20,000) equity shares of ₹10 each, fully paid-up		
SNS Clothing Private Limited	1,776.00	1,776.00
20,000 (March 31, 2019 : 20,000) equity shares of ₹10 each, fully paid-up		
	2,190.87	**2,190.87**

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

5 (a) Non Current Investments (contd.)

	March 31, 2020	March 31, 2019
Less: provision for diminution in value of investments	203.39	203.39
Total investment in unquoted equity shares of subsidiary companies (domestic companies)	**1,987.48**	**1,987.48**
(ii) Investment in unquoted government securities		
Investment in National Savings Certificates	0.27	0.27
Total investment in unquoted government securities	**0.27**	**0.27**
(iii) Unquoted equity shares in other body corporates		
Yepme UK Limited (refer note 44)	626.56	626.56
[22,577 (March 31, 2019: 22,577) 0.1% preference shares of GBP 1 each fully paid up]		
Less: Investments classified as held for sale	-	(626.56)
Less: Provision for diminution in value of investment (Refer note 1 below)	(626.56)	-
Total investment in unquoted equity shares in other body corporates	**-**	**-**
Total Non current investments (i+ii+iii)	**1,987.75**	**1,987.75**

Note 1:

	Mar 31, 2020	March 31, 2019
Investments classified as held for sale	626.56	626.56
Less: Provision for diminution in value of investment (Refer note 44)	(626.56)	(626.56)
	-	-

	Mar 31, 2020	March 31, 2019
Aggregate amount of unquoted investments	2,191.14	2,191.14
Aggregate amount of impairment in value of investments	829.95	829.95
Investments classified as held for sale (net) - Refer note 1 above	-	-

5 (b) Current Investments

	Mar 31, 2020	March 31, 2019
(i) Investment in liquid mutual fund units		
Quoted		
621,513 (March 31, 2019: Nil) units ICICI Pru Liquid Direct-G	1,825.89	-
44,170 (March 31, 2019: Nil) units HDFC Liquid Direct-G	1,725.56	-
Total Investment in mutual fund units	**3,551.45**	**-**
Aggregate amount of quoted investments	3,551.45	-

6 Financial assets - Loans

	March 31, 2020	March 31, 2019
Unsecured, considered good		
Security and other deposits	3,398.32	2,236.98
Total Financial assets - Loans	**3,398.32**	**2,236.98**

7 Financial assets - Other financial assets

		March 31, 2020	March 31, 2019
Carried at amortised cost			
Unsecured, considered good			
(a) Non current			
Bank balance		13,899.84	13,237.92
Loan to employees		7.74	8.65
	(A)	**13,907.58**	**13,246.57**

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

7 Financial assets - Other financial assets (contd.)

		March 31, 2020	March 31, 2019
(b) Current			
Derivative instruments at fair value through OCI			
Cash flow hedges - foreign exchange forward contracts		-	1,457.86
Other Financial assets at amortised cost			
Interest accrued on fixed deposits		636.67	629.60
Loan to employees		34.98	34.55
	(B)	**671.65**	**2,122.01**
Total other financial assets	(A+B)	**14,579.23**	**15,368.58**

8 (a) Deferred tax assets

	Mar 31, 2020	March 31, 2019
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years on payment basis	74.19	-
Total Deferred tax assets	**74.19**	**-**

8 (b) Non current tax assets (net)

	Mar 31, 2020	March 31, 2019
Advance income tax (including tax paid under protest)	1,162.92	1,270.68
Total non-current tax assets	**1,162.92**	**1,270.68**

9 Other current / non-current assets

		March 31, 2020	March 31, 2019
Non current			
Unsecured, considered good			
Capital advances		192.25	123.96
Prepaid expenses		11.76	304.60
	(A)	**204.01**	**428.56**
Unsecured, considered doubtful			
Advance to suppliers		272.63	272.63
Export Incentives receivable		30.00	30.00
Less: Provision for doubtful advances and receivables		(302.63)	(302.63)
	(B)	**-**	**-**
Total non-current assets	**(A+B)**	**204.01**	**428.56**
Current			
Unsecured, considered good			
Prepaid expenses		519.27	716.30
Balances with statutory / government authorities		1,145.15	1,958.28
Advance to suppliers		2,018.67	1,604.13
Export Incentives receivable		3,873.80	2,178.61
Total current assets	**(C)**	**7,556.89**	**6,457.32**
Total other current / non-current assets	**(A+B+C)**	**7,760.90**	**6,885.88**

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

10 Inventories

	March 31, 2020	March 31, 2019
Raw materials (including packing materials) and components	8,321.11	6,214.70
(includes goods in transit ₹175.50 lakhs (March 31, 2019: ₹199.16 lakhs) (refer note 22)		
Work-in-progress (refer note 23)	15,473.90	13,246.64
Finished goods (readymade garments)	4,258.21	5,866.53
(includes goods in transit ₹770.66 lakhs (March 31, 2019: ₹1,937.87 lakhs) (refer note 23)		
Consumables, stores and spares parts	577.24	443.03
Total inventories*	**28,630.46**	**25,770.90**

*net of writedowns of inventories amounting to ₹3,412.24 Lakhs as at March 31, 2020 (as at March 31, 2019: ₹5,458.25 lakhs)

11 Financial assets - Trade receivables

		March 31, 2020	March 31, 2019
Trade receivables:			
From related parties		-	-
From others		14,352.92	16,167.47
Total		**14,352.92**	**16,167.47**
(A) Breakup of trade receivables			
Secured, considered good			
Unsecured, considered good		14,352.92	16,167.47
Trade Receivables which have significant increase in credit Risk		1,374.01	1,510.47
Trade Receivables - credit impaired		-	-
		15,726.93	**17,677.94**
(B) Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered good			
Trade Receivables which have significant increase in credit Risk		(1,374.01)	(1,510.47)
Trade Receivables - credit impaired		-	-
		(1,374.01)	**(1,510.47)**
Total financial assets - trade receivables	(A+B)	**14,352.92**	**16,167.47**

Notes:

i. The Company follows "simplified approach for recognition of impairment loss". The application of simplified approach does not require the Company to track changes in credit risk.

ii. No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any Director is a partner, a Director or a member.

iii. Trade receivables are non-interest bearing.

12 Financial assets - Cash and cash equivalents

	March 31, 2020	March 31, 2019
Current		
Balances with banks		
In current accounts [1,2,6]	1,213.61	1,097.82
Cash on hand	9.84	12.41
Total Financial assets - Cash and cash equivalents (Current)	1,223.45	1,110.23

Notes to the standalone financial statements for the year ended March 31, 2020
All amounts in Indian ₹ in lakhs, except stated otherwise

12 Financial assets - Cash and cash equivalents (contd.)

	March 31, 2020	March 31, 2019
Non-current		
Bank balances other than cash and cash equivalents		
Deposits with remaining maturity for more than 12 months [3,4,5]	226.00	226.00
Deposits with original maturity of more than 3 months but less than/ equal to 12 months [3,4,5]	13,673.84	13,011.92
	13,899.84	13,237.92
Amount disclosed under other financial assets (refer note 7)	(13,899.84)	(13,237.92)
Total Financial assets - Cash and cash equivalents (Non current)	**-**	**-**

Notes:

[1] Balances with bank on current accounts does not earn interest.

[2] includes balances in Exchange Earner's Foreign Currency Accounts.

[3] A charge has been created over the deposits of ₹3,089.21 lakhs (March 31, 2019: ₹3,083.34 lakhs) for loans against deposits availed by the Company (refer note 16)

[4] A charge has been created over the deposits of ₹10,190.86 lakhs (March 31, 2019: ₹9,564.22 lakhs) as collateral towards borrowing facility availed by the Company (refer note 16)

[5] A charge has been created over the deposits of ₹619.77 lakhs (March 31, 2019: ₹590.36 lakhs) as collateral towards bank guarantee facility availed by the Company (refer note 33)

[6] For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:

	March 31, 2020	March 31, 2019
Balances with banks		
On current accounts	1,213.61	1,097.82
Cash on hand	9.84	12.41
	1,223.45	1,110.23
Less : Bank overdraft * (refer note 16)	(2,175.32)	(3,598.24)
Net debt	**(951.87)**	**(2,488.01)**

Net debt reconciliation:

	Cash & Cash equivalents	Bank overdraft	Total
Net debt as at April 01, 2018	**1,696.99**	**(3,620.41)**	**(1,923.42)**
Cash flows	(586.76)	368.27	(218.49)
Interest charge	-	(346.10)	(346.10)
Net debt as at March 31, 2019	**1,110.23**	**(3,598.24)**	**(2,488.01)**
Cash flows	113.22	1,695.52	1,808.74
Interest charge	-	(272.60)	(272.60)
Net debt as at March 31, 2020	**1,223.45**	**(2,175.32)**	**(951.87)**

*Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn. Accordingly, the Company has considered only such bank overdrafts which fluctuates from being positive to overdrawn.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

13 Equity share Capital

	Number of shares	Amount
Authorised share capital		
At April 1, 2018	55,000,000	2,750.00
Increase during the year	-	-
At March 31, 2019	**55,000,000**	**2,750.00**
Increase during the year	-	-
At March 31, 2020	**55,000,000**	**2,750.00**

(a) Issued equity capital

	Number of shares	Amount
Equity shares of ₹5 each issued, subscribed and fully paid		
At April 1, 2018	34,952,829	1,747.64
Add: Equity shares issued during the year (refer note 45)	7,708,000	385.40
Add: ESOP's issued during the year (refer note 13(d))	154,834	7.74
At March 31, 2019	42,815,663	2,140.78
Add: ESOP's issued during the year	10,000	0.50
At March 31, 2020	**42,825,663**	**2,141.28**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

	March 31, 2020	March 31, 2019
Clear Wealth Consultancy Services LLP:		
Number of shares (Equity shares of ₹5 each, fully paid up)	13,955,957	13,955,957
% holding in the class	32.59%	32.60%
Teesta Retail Private Limited:		
Number of shares (Equity shares of ₹5 each, fully paid up)	2,280,513	2,280,513
% holding in the class	5.33%	5.33%

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

(d) Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option (ESOP) plan and Restricted Stock Units (RSU) of the Company, please refer note 38

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

14 Other equity

		March 31, 2020	March 31, 2019
	Reserves and Surplus		
(A)	**Securities premium**		
	Balance at the beginning of the year	20,404.46	13,899.90
	Add: received during the year on account of issue of equity shares	-	6,355.84
	Add: received during the year on account of issue of ESOP's	2.72	80.49
	Add: transfer from share based payments reserve	51.97	68.23
	Balance at the end of the year	**20,459.15**	**20,404.46**
	This reserve represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.		
(B)	**General reserve**		
	Balance at the end of the year	2,192.09	2,192.09
	The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another.		
(C)	**Capital Reserve on Amalgamation**		
	Balance at the end of the year	9,754.45	9,754.45
	Capital reserve represents reserve recognised on amalgamation being the difference between consideration amount and net assets of the transferor company.		
(D)	**Share based payments reserve**		
	Balance at the beginning of the year	479.87	263.05
	Add: addition during the year	703.91	285.05
	Less: transfer to securities premium towards issue of ESOP	(51.97)	(68.23)
	Balance at the end of the year	**1,131.81**	**479.87**
	Share based payment reserve is used to record the fair value of equity-settled, share-based payment transactions with employees. The amounts recorded in Share based payment reserve are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.		
(E)	**Retained earnings**		
	Balance at the beginning of the year	(12,392.49)	(14,778.95)
	Change in accounting policy on adoption of Ind AS 116 (Refer note 33 (I))	(1,431.24)	-
	Restated balance	**(13,823.73)**	**(14,778.95)**
	Profit for the year	3,235.94	2,562.90
	Add: Remeasurement of post employment benefits obligations (net of deferred tax)	(198.89)	(176.44)
	Balance at the end of the year	**(10,786.68)**	**(12,392.49)**
	Retained earnings refer to net earnings not paid out as dividends, but retained by the Company to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.		
(F)	**Cash flow hedging reserve**		
	Balance at the beginning of the year	1,376.18	(74.53)
	Add: Reclassified to the statement of profit and loss	(3,401.95)	1,450.71
	Balance at the end of the year	**(2,025.77)**	**1,376.18**
	When a derivative is designated as a cash flow hedging instrument, the effective portion of the change in fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurence of the related forecasted transaction. Also refer note 34.		
	Total other equity (A+B+C+D+E+F)	**20,725.05**	**21,814.56**

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

15 Provision for employee benefits

	March 31, 2020	March 31, 2019
(a) Non current		
Gratuity (refer note 35)	450.81	406.65
	450.81	**406.65**
(b) Current		
Gratuity (refer note 35)	2,136.37	1,705.12
Leave benefits	906.21	885.77
	3,042.58	**2,590.89**
Total provision for employee benefits	**3,493.39**	**2,997.54**

16 Financial liabilities - Borrowings

	March 31, 2020	March 31, 2019
Current borrowings		
Loans repayable on demand from banks (Secured)		
Indian rupee packing credit loan [1,2,3]	28,572.90	28,623.76
Indian rupee loan from bank [4]	322.78	497.63
Bill discounting from banks [5,6,7]	5,524.07	5,350.44
Bank overdraft [8]	2,175.32	3,598.24
Total current borrowings (Secured)	**36,595.07**	**38,070.07**
Loans repayable on demand from banks (Unsecured)		
Indian rupee loan from bank [9]	2,500.00	-
Total current borrowings (Unsecured)	**2,500.00**	**-**
Total Financial liabilities - Borrowings	**39,095.07**	**38,070.07**
The above amount includes		
Secured borrowings	36,595.07	38,070.07
Unsecured borrowings	2,500.00	-

Notes:

[1] Indian rupee packing credit loan from a bank of ₹7,000 lakhs (March 31, 2019: ₹8,000 lakhs) carries interest @ one year MCLR + 0.60% (March 31, 2019: one year MCLR + 0.60%) and interest is payable monthly. The loan is secured by first pari passu charge on current assets of the Company. Out of the above, ₹6,886.59 lakhs is outstanding as at March 31, 2020 (March 31, 2019: ₹7,624.67 lakhs). Also refer note 16 10 and 11 below.

[2] Indian rupee packing credit loan from a bank of ₹21,000 lakhs (March 31, 2019: ₹21,000 lakhs) carries interest @ Marginal cost of funds based lending rate ('MCLR') plus applicable spread of 0.75% p.a (March 31, 2019: MCLR plus applicable spread of 0.75% p.a) and interest is payable monthly. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹20,201.55 lakhs is outstanding as at March 31, 2020 (March 31, 2019:₹20,999.09 lakhs). Also refer note 16 10 and 11 below.

[3] Indian rupee packing credit loan from a bank of ₹2,000 lakhs (March 31, 2019: ₹ Nil) carries interest @Marginal cost of funds based lending rate ('MCLR') (March 31, 2019: Nil) and interest is payable monthly. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹1,484.76 lakhs is outstanding as at March 31, 2020 (March 31, 2019:₹ Nil). Also refer note 16 10 and 11 below.

[4] Indian rupee loan from a bank of ₹2,700 lakhs (March 31, 2019:₹2,700 lakhs) carries interest @pledged fixed deposit interest rate plus applicable spread of 1% p.a. (March 31, 2019:pledged fixed deposit interest rate plus applicable spread of 1 % p.a) and interest is payable monthly. The loan is secured by pledge of fixed deposits. Out of the above, ₹322.78 lakhs is outstanding as at March 31, 2020 (March 31, 2019:₹497.63 lakhs). Also refer note 16 10 and 11 below.

[5] Bill discounting from a bank of ₹3,000 lakhs (March 31, 2019: ₹2,000 lakhs) carries interest @LIBOR plus applicable

16 Financial liabilities - Borrowings (contd.)

spread of 3.50% p.a. for foreign currency bills discounting and @ one year MCLR plus 0.60% for Indian Rupee bills discounting (March 31, 2019: LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and @ one year MCLR plus 0.60% for Indian Rupee bills discounting) and interest is payable on transaction basis. The loan is secured by first pari passu charge on current assets of the Company. Out of the above, ₹1,086.75 lakhs is outstanding as at March 31, 2020 (March 31, 2019: ₹855.76 lakhs). Also refer note 16 10 and 11 below.

[6] Bill discounting from a bank of ₹10,850 lakhs carries interest @6 months LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and MCLR plus applicable spread of 0.75% p.a. for Indian Rupee bills discounting (March 31, 2019:@6 months LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and MCLR plus applicable spread of 0.75% p.a. for Indian Rupee bills discounting) and interest is payable on transaction basis. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹4,009.35 lakhs is outstanding as at March 31, 2020 (March 31, 2019: ₹4,494.68 lakhs). Also refer note 16 10 and 11 below.

[7] Bill discounting from a bank of ₹500 lakhs carries interest @Marginal cost of funds based lending rate ('MCLR') for Indian Rupee bills discounting (March 31, 2019: Nil) and interest is payable on transaction basis. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹427.97 lakhs is outstanding as at March 31, 2020 (March 31, 2019: ₹ Nil). Also refer note 16 10 and 11 below.

[8] Bank overdraft from banks carries interest @one year MCLR plus applicable spreads of 4.50% p.a. (March 31, 2019:@one year MCLR plus applicable spreads of 4.50%) and interest is payable on monthly basis. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/ goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company for a bank and first pari passu charge on current assets of the Company. Out of the above, ₹2,175.32 lakhs is outstanding as at March 31, 2020 (March 31, 2019:₹3,598.24 lakhs). Also refer note 16 10 and 11 below.

[9] Indian rupee loan from a bank of ₹2,500 lakhs (March 31, 2019:₹ Nil) carries interest @ MCLR plus applicable spread of 0.20% (March 31, 2019: Nil) and interest is payable monthly. The loan is unsecured. Out of the above, ₹2,500 lakhs is outstanding as at March 31, 2020 (March 31, 2019:₹ Nil)

[10] The Company has further provided the following as the collateral to the consortium lenders towards the borrowings availed by the Company and as mentioned in the aforesaid note 16.

a) Pari passu charge on certain factory land and building located in Bangalore and Mysore owned by the Company and its subsidiary,
b) Pari passu charge on plant and machinery and certain movable assets of the Company
c) Pari passu charge on certain fixed deposits made by the Company

[11] The Company has availed the interest subvention @3% during the years ended March 31, 2020 and March 31, 2019 under Interest Equalisation Scheme for pre and post shipment rupee export credit of Reserve Bank of India.

[12] The Reserve Bank of India has announced certain regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. Accordingly, as per the said guidelines, the company has availed three months moratorium of the working capital interest on the balance outstanding as on March 01, 2020. However, the Company has accrued the interest on the outstanding balances.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

17 Financial liabilities - Trade payables

	March 31, 2020	March 31, 2019
Current		
Total outstanding dues of micro, small and medium enterprises (Refer note 37)	24.39	18.62
Total outstanding dues of creditors other than micro, small and medium enterprises	11,352.49	8,530.04
Total financial liabilities - Trade payables	**11,376.88**	**8,548.66**

Terms and conditions of the above financial liabilities:

- Trade payables are non interest bearing.
- For explanations on the Company's credit risk management processes, refer note 39.

18 Financial liabilities - Other current financial liabilities

	March 31, 2020	March 31, 2019
Financial liabilities at fair value through OCI		
Cash flow hedges - foreign exchange forward contracts	2,308.54	-
Other Financial liabilities at amortised cost		
Interest accrued and not due on loans	162.45	33.99
Payable to related parties (Refer note 36)	1,490.39	1,451.05
Employee related payables (refer note 36)	5,694.69	4,875.91
Liability for capital assets	1,532.02	1,108.95
Total financial liabilities - other current financial liabilities	**11,188.09**	**7,469.90**

19 Other current liabilities

	March 31, 2020	March 31, 2019
Advance from customers	188.96	169.54
Statutory liabilities payables	814.93	724.98
Total other current liabilities	**1,003.89**	**894.52**

20 Revenue from operations

	March 31, 2020	March 31, 2019
(a) Sale of finished goods		
Exports	103,212.67	90,787.79
Domestic	24,640.94	17,423.75
	127,853.61	**108,211.54**
(b) Other operating revenues		
Sale of accessories, fabrics, etc	1,659.71	1,026.92
Job work income	336.43	1,280.99
Export incentives	6,115.91	6,566.56
Scrap sales and others	254.83	251.16
	8,366.88	**9,125.63**
Total revenue from operations	**136,220.49**	**117,337.17**

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

21 Other income

	March 31, 2020	March 31, 2019
Interest income on:		
Bank deposits	935.47	908.43
Security deposits	231.02	130.04
Income tax refunds	33.64	221.96
Others	1.19	0.66
Other non-operating income :		
Gain on account of foreign exchange fluctuations (net)	1,292.81	-
Net gain on disposal of property, plant and equipment	43.47	59.27
Gain on sale of investments in mutual fund units	131.67	173.18
Fair value gain on investments in mutual fund units	36.57	-
Government grant *	570.37	300.18
Provision no longer required, written back	5.17	173.10
Miscellaneous income	201.71	192.54
Total other income	**3,483.09**	**2,159.36**

* Government grants in the form of import duty savings have been received upon import of certain property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31, 2020 and March 31, 2019.

22 Cost of raw materials and components consumed

	March 31, 2020	March 31, 2019
Inventory at the beginning of the year	6,214.70	4,592.98
Add: Purchases	71,611.97	60,586.40
	77,826.67	65,179.38
Less: inventory at the end of the year	8,321.11	6,214.70
Total cost of raw materials and components consumed	**69,505.56**	**58,964.68**

23 Changes in inventories of finished goods and work-in-progress

	March 31, 2020	March 31, 2019
Inventories at the beginning of the year		
Work-in-progress	13,246.64	8,468.90
Finished goods (Readymade garments)	5,866.53	3,944.26
	19,113.17	12,413.16
Inventories at the end of the year		
Work-in-progress	15,473.90	13,246.64
Finished goods (Readymade garments)	4,258.21	5,866.53
	19,732.11	19,113.17
Total Changes in inventories of finished goods and work-in-progress	**(618.94)**	**(6,700.01)**

24 Employee benefits expense

	March 31, 2020	March 31, 2019
Salaries and wages (Refer note 36)	39,694.23	33,828.31
Contribution to provident and other funds	4,269.21	3,597.01
Share based payment expenses (Refer note 36 and 38)	703.91	285.06
Gratuity expense (net) (refer note 35)	733.79	653.53
Staff welfare expense	1,297.61	1,084.06
Total employee benefit expenses	**46,698.75**	**39,447.97**

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

25 Finance costs

	March 31, 2020	March 31, 2019
Interest charge		
on Indian rupee packing credit loan / Indian rupee loan from bank	2,081.66	2,232.20
on bill discounting and others	446.25	497.16
on lease liabilities	671.96	-
Bank charges and other borrowing costs	454.68	560.23
Total finance costs	**3,654.55**	**3,289.59**

26 Depreciation and amortization expense

	March 31, 2020	March 31, 2019
Depreciation of property, plant and equipment	2,353.46	1,821.20
Amortisation of other intangible assets	144.51	97.74
Amortisation on right-of-use assets (Refer note 3(b) and 33(I))	2,936.48	-
Total depreciation and amortisation expenses	**5,434.45**	**1,918.94**

27 Other expenses

	March 31, 2020	March 31, 2019
Consumption of consumables, stores and spares	966.65	973.40
Power and fuel	2,353.14	2,407.61
Other manufacturing expenses	261.86	189.63
Rent (Refer note 33(I))	589.58	4,171.78
Rates and taxes	262.98	172.00
Insurance	427.93	409.66
Repairs and maintenance		
Plant and machinery	608.12	516.09
Buildings	134.31	101.85
Others	529.08	642.16
Legal and professional fees	977.82	900.29
Printing and stationery	402.69	392.66
Communication costs	148.55	190.04
Travelling and conveyance	628.73	464.39
Payment to auditors *	31.35	36.67
Sitting fees	52.00	81.60
Clearing, forwarding and freight	1,900.36	2,259.60
Provision for doubtful deposits and advances	-	30.00
Irrecoverable balances written off	-	565.93
Provision for doubtful debts **	514.01	327.73
Exchange differences loss (net)	-	1,565.53
Miscellaneous expenses	1,935.26	1,500.74
Total other expenses	**12,724.42**	**17,899.36**

** Net of ₹591.50 adjusted against opening provision

*** Payment to auditors (exclusive of GST)**

	March 31, 2020	March 31, 2019
Audit fees (including fees for consolidated financial statements and quaterly limited reviews)	30.00	35.00
Out of pocket expenses	1.35	1.67
Total payment to auditors (exclusive of GST)	**31.35**	**36.67**

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

28 Exceptional items

	March 31, 2020	March 31, 2019
Provision for diminution in value of investment (Refer note 44)	-	626.56
Export Incentives Receivables written off (Refer note 50)	(610.84)	-
Net gain on disposal of land and building (Refer note 51)	2,604.78	-
Total exceptional items	**1,993.94**	**626.56**

29 Income tax

The Company is subject to income tax in India on the basis of standalone financial statements. As per the Income Tax Act, the Company is liable to pay income tax which is the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT).

MAT paid in excess of regular income tax during a year can be carried forward for a period of 15 years and can be offset against future tax liabilities.

Business loss can be carried forward for maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

Income tax expenses in the standalone statement of profit and loss consist of the following:

	March 31, 2020	March 31, 2019
(a) Current tax	74.19	-
(b) Adjustment of tax relating to earlier periods	-	(63.33)
(c) Deferred tax (credit)/charge	(74.19)	-
Total tax expenses	**-**	**(63.33)**

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

	March 31, 2020	March 31, 2019
Profit/(Loss) after exceptional items and before tax	3,235.94	2,499.57
Applicable tax rates in India	34.944%	34.944%
Computed tax charge	1,130.77	873.45
Tax effect on permanent non deductible expenses	-	-
(i) Tax effect of expenses on which deferred taxes has not been accounted:		
Taxable losses	-	-
Employee related expenses	172.66	94.79
Depreciation expense	239.29	161.21
Provision for diminution in value of investment	-	218.95
Others	(1,194.05)	50.07
(ii) Amount of current tax not payable on account of brought forward losses:	(274.48)	(1,398.47)
Total tax expenses	**74.19**	**-**

The Company has tax losses which arose in India of ₹16,313.67 lakhs (March 31, 2019:₹17,099.16 lakhs) that are available for offsetting over the period of eight years against future taxable profits of the companies in which the losses arose. Majority of these losses will expire by March 2022.

The Company has unabsorbed depreciation of ₹6,541.17 lakhs (March 31, 2019:₹6,541.17 lakhs) that are available for offsetting for indefinite period.

Deferred tax assets have not been recognised in respect of these losses as the Company has been loss-making for some time.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

30 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. 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 is adjusted for events such as bonus issue, bonus element in a rights issue, share spilt and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following table reflects the data used in the basic and diluted EPS computations:

	March 31, 2020	March 31, 2019
Face value of equity shares (₹ per share)	5.00	5.00
Profit attributable to equity holders of the Company	3,235.94	2,562.90
Weighted average number of equity shares used for computing earning per share (basic)	42,820,197	42,071,938
Weighted average number of equity shares used for computing earning per share (diluted)	45,501,263	43,236,986
EPS - basic (₹)	7.56	6.09
EPS - diluted (₹)	7.11	5.93

31 Significant accounting estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include provision for obsolete inventory, impairment of investments, impairment of non current assets, provision for employee benefits and other provisions, fair value measurement of financial assets and liabilities, commitments and contingencies.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a. Impairment of non current asset including investments

Determining whether investment are impaired requires an estimation of the value in use of the individual investment or the relevant cash generating units ('CGU'). The value in use calculation is based on DCF model over the estimated useful life of the CGU's. Further, the cash flow projections are based on estimates and assumptions relating to sale price/customer orders on hand, efficiency in opertaions etc.

31 Significant accounting estimates and assumptions (contd.)

b. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 39 for further disclosures.

c. Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

In respect of bank guarantees provided by the Company to third parties, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided. Refer note 33 for further disclosure.

d. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 35.

e. Provision for obsolete inventory

Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. These write downs are recognised as an expense and are included in "(Increase)/decrease in inventories of finished goods and work-in-progress" in the statement of profit and loss. Also refer note 10.

32 Segment information- Disclosure pursuant to Ind AS 108 'Operating Segment'

(a) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's Chief Executive Officer to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

32 Segment information- Disclosure pursuant to Ind AS 108 'Operating Segment' (contd.)

relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably.

(b) The Company is engaged in a single business segment of sale of garment and hence no additional disclosures are required.

(c) Geographic information

The Company mainly operates in two geographical areas of the world, i.e., India and Rest of World, the details of which are as below:

	Segment revenue**		Non current assets***	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
India	32,241.99	26,097.37	17,403.96	11,290.90
Rest of world	103,978.50	91,239.80	-	-
Total	**136,220.49**	**117,337.17**	**17,403.96**	**11,290.90**

The revenue information above is based on the locations of the customers.

Revenue from three (March 31, 2019: Three) customer amounted to ₹73,630.93 lakhs (March 31, 2019: ₹70,123.31 lakhs), arising from sales of readymade garments.

**Revenues by geographical area are based on the geographical location of the client.

***Non-current assets excludes non current financial assets and non current tax assets.

33 Commitments and contingencies

I. Leases

The Company has adopted Ind AS 116 retrospectively from 1 April 2019, but has not restated comparatives for the year ended 31 March 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. The new accounting policies are disclosed in 2.2 (j).

On adoption of Ind AS 116, the Company recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 11%.

In the financial statements, the nature of expense for leasing arrangements has changed from lease rent in prior years to amortization on the Right of use assets and finance cost on the corresponding lease liabilties.

Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

a) applying a single discount rate to a portfolio of leases with reasonably similar characteristics
b) relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review there were no onerous contracts as at 1 April 2019
c) accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short term leases

33 Commitments and contingencies (contd.)

d) excluding the initial direct costs for the measurement of the right of use asset at the date of initial application, and

e) using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, determining whether an arrangement contains a lease.

The movement in lease liabilities during the year ended March 31, 2020 is as follows:

	Amount (₹)
Balance as at 1 April 2019	7,192.02
Additions	820.48
Finance cost accrued during the period	671.96
Payment of lease liabilities	(3,786.57)
Balance as at 31 March 2020	**4,897.89**

The break-up of current and non-current lease liabilities as at March 31, 2020 is as follows

	March 31, 2020
Current lease liabilities	2,031.94
Non-current lease liabilities	2,865.95
Total	**4,897.89**

The details of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis are as follows :

	March 31, 2020
Less than one year	2,343.17
One to five years	3,440.98
More than five years	648.61
Total	**6,432.76**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases is ₹589.58 Lakhs for the year ended March 31, 2020.

II. Contingencies

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

	March 31, 2020	March 31, 2019
(a) Bank Guarantees		
Sanctioned	500.00	1,300.00
Outstanding	138.92	1,182.24

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

33 Commitments and contingencies (contd.)

	March 31, 2020	March 31, 2019
(b) Outstanding letters of credit		
Sanctioned	4,822.00	4,022.00
Outstanding	2,398.00	2,293.10
(c) Litigations		
(i) Matters relating to direct taxes under dispute *	838.37	278.43
(ii) Matters relating to other taxes under dispute	122.54	122.54

* Certain demands from income tax authorities have been set off against the brought forward business loss and unabsorbed depreciation of previous years and accordingly amount disclosed as contingent liabilities represent the demands after setting off such brought forward loss and depreciation.

(i) The aforementioned demand amounts under dispute are as per the demands from various authorities for the respective periods and have not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.

(ii) The Company is also involved in various other litigations and claims other than as tabulated above, the impact of which is not quantifiable. These cases are pending with various courts/forums and are scheduled for hearings. After considering the circumstances and legal evaluation thereon, the Company's management believes that these cases are not tenable/material and accordingly have not made any further adjustments, other than amount already provided in the standalone financial statements.

III. Capital and other commitments

	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	185.33	272.79
Commitments relating to forward contract- hedge of highly probable forecast sales	55,944.37	42,357.55

34 Hedging activities

Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in foreign currency. These forecast transactions are highly probable, and they comprise about 100% of the Company's total expected sales in foreign currency.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

The Company is holding the following foreign currency forward contracts to hedge the exposure on its highly probable sales over the next 12 months:

	Currency	Amount	Average Strike rate
March 31, 2020	USD	761.73	73.44
March 31, 2020	INR	55,944.37	
March 31, 2019	USD	584.50	72.47
March 31, 2019	INR	42,357.55	

Notes to the standalone financial statements for the year ended March 31, 2020
All amounts in Indian ₹ in lakhs, except stated otherwise

34 Hedging activities (contd.)

Details relating to hedging instrument with respect to foreign currency risk arising from sales:

Financial year	March 31, 2020	March 31, 2019
Nominal amount of hedging instrument	55,944.37	42,357.55
Carrying amount of cash flow hedges- foreign exchange forward contracts:		
Assets	-	1,457.86
Liabilities	2,308.54	-
Line item in balance sheet where hedging instrument is disclosed	Refer Note 18	Refer Note 7
Changes in fair value for calculating hedge ineffectiveness	-	-

Details relating to hedged item with respect to foreign currency risk arising from sales:

Financial year	March 31, 2020	March 31, 2019
Change in value used for calculating hedge ineffectiveness	-	-
Balance in cash flow hedge reserve		
For continuing hedges	(2,025.77)	1,376.18
For hedges no longer applied	-	-
Total balance	**(2,025.77)**	**1,376.18**

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The cash flow hedges of the expected future sales during the year ended March 31, 2020 and March 31, 2019 were assessed to be highly effective and a net unrealised gain/loss relating to hedging instrument is included in OCI. The amounts retained in OCI at March 31, 2020 are expected to mature and affect the statement of profit and loss during the year ended March 31, 2021.

Details relating to impact of cash flow hedge with respect to foreign currency risk arising from sales in statement of profit and loss for the year ended as on:

Cash flow hedge reserve	March 31, 2020	March 31, 2019
Opening balance	1,376.18	(74.53)
Movement in OCI :		
Gain/(loss) recognised in OCI during the year	(2,692.39)	47.43
Less: amount reclassified to standalone statement of profit and loss as hedged item has affected profit or loss	(709.56)	1,403.28
Less: amount reclassified to standalone statement of profit and loss for which future cash flows are no longer expected to occur	-	-
Net (gain)/loss recognised in OCI for the year	(3,401.95)	1,450.71
Less: amount recognised in the standalone statement of profit and loss on account of hedge ineffectiveness	-	-
Closing balance	**(2,025.77)**	**1,376.18**

The Company offsets a financial asset and financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

35 Gratuity and other post-employment benefit plans

I. Leases

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Payment of Gratuity Act, 1972, every employee who has completed four years and 240 days or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expenses recognised in the standalone statement of profit or loss and the funded status and amounts recognised in the standalone balance sheet for gratuity benefit.

(a) Net benefit expenses (recognised in the standalone statement of profit and loss)

Particulars	March 31, 2020	March 31, 2019
Current service cost	617.60	558.40
Net interest cost on defined benefit obligations / (assets)	116.19	95.13
Transfer to other unit fund	-	-
Net benefit expenses	733.79	653.53

(b) Remeasurement (gain)/loss recognised in other comprehensive income:

Particulars	March 31, 2020	March 31, 2019
Actuarial (gain)/ loss on obligations arising from changes in demographic assumption	(13.44)	264.42
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	103.08	(184.91)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	108.49	20.49
Actuarial (gain)/loss arising during the year	198.13	100.00
Return on plan assets (greater)/less then discount rate	0.76	76.44
Actuarial (gain)/ loss recognised in other comprehensive income	198.89	176.44

(c) Net defined benefit asset / (liability)

Particulars	March 31, 2020	March 31, 2019
Defined benefit obligation	2,611.18	2,155.15
Fair value of plan assets	24.00	43.38
Plan liability/ (asset)	**2,587.18**	**2,111.77**

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

Particulars	March 31, 2020	March 31, 2019
Opening defined benefit obligation	2,155.15	2,017.97
Current service cost	617.60	558.40
Interest cost on the defined benefit obligation	118.23	122.95
Benefits paid	(477.93)	(644.17)
Actuarial (gain)/ loss on obligations arising from changes in demographic assumption	(13.44)	264.42
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	103.08	(184.91)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	108.49	20.49
Closing defined benefit obligation	**2,611.18**	**2,155.15**

35 Gratuity and other post-employment benefit plans (contd.)

(e) Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
Opening fair value of plan assets	43.38	675.34
Interest income on plan assets	2.04	27.82
Contributions by employer	457.29	60.83
Benefits paid	(477.93)	(644.17)
Return on plan assets (lesser)/greater than discount rate	(0.78)	(76.44)
Closing fair value of plan assets	**24.00**	**43.38**

The Company expects to contribute ₹2,136.37 lakhs (March 31, 2019: ₹1,705.12 lakhs) towards gratuity fund.

(f) The following benefit payments (undiscounted) are expected in future years:

	March 31, 2020
March 31, 2021	524.17
March 31, 2022	394.79
March 31, 2023	297.22
March 31, 2024	230.69
March 31, 2025	193.20
March 31, 2026 to March 31, 2030	1,892.39

(g) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
Investments with insurer	100%	100%

(h) The principal assumptions used in determining gratuity for the Company's plan is as shown below:

Particulars	March 31, 2020	March 31, 2019
Discount rate (in %)	6.17%	7.25%
Salary escalation (in %)	5% to 8%	5% to 8%
Employee turnover (in %)	40.00%	40.00%
Retirement age (yrs)	60	60
Mortality rate	Refer note 4 below	

Notes:

1. Plan assets are fully represented by balance with the Life Insurance Corporation of India.
2. The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
3. The estimates of future salary increase in compensation levels, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
4. As per Indian Assured Lives Mortality (2006-08) (modified) ultimate.
5. Refer note 15 for current and non current classification.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

35 Gratuity and other post-employment benefit plans (contd.)

(i) A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	March 31, 2020	March 31, 2019
Discount rate		
Impact of defined benefit obligation due to 1% increase in discount rate	(106.66)	(100.91)
Impact of defined benefit obligation due to 1% decrease in discount rate	116.07	111.26
Salary escalation rate		
Impact of defined benefit obligation due to 1% increase in salary escalation rate	99.83	101.75
Impact of defined benefit obligation due to 1% decrease in salary escalation rate	(93.44)	(93.48)
Attrition rate		
Impact of defined benefit obligation due to 1% increase in attrition rate	(21.40)	(10.60)
Impact of defined benefit obligation due to 1% decrease in attrition rate	21.84	10.38

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

36 Related party transactions

a. Names of related parties and description of relationships:

Description of relationship	Name of related parties
Holding Company	Clear Wealth Consultancy Services LLP
Wholly owned subsidiaries	All Colour Garments Private Limited SNS Clothing Private Limited Vignesh Apparels Private Limited
Other body corporates	Yepme UK Limited (refer note 44)
Key management personnel and their relatives	Mr. Richard B Saldanha, (Chairman and Independent Director) Mr. Sivaramakrishnan Vilayur Ganapathi, Managing Director Mr. Mathew Cyriac (Non Executive Director) Mr. Arun K Thiagarajan (Independent Director) (resigned w.e.f July 29, 2019) Ms. Smita Aggarwal (Independent Director) (resigned w.e.f June 9, 2018) Mr. Jitendrakumar H.Mehta (Independent Director) (resigned w.e.f July 18, 2019) Ms. Anuradha Sharma (Independent Director) Mr. Palaniappan Chidambaram (Additional Director) (appointed w.e.f October 30, 2017) (resigned w.e.f November 12, 2018) Mr. Gautham Madhavan (Non Executive Director) (appointed w.e.f November 12, 2018) Mr. Prabhat Kumar Singh (Director) (appointed as additional director w.e.f November 12, 2018) (Regularised from additional director to director w.e.f January 03, 2019) Mr. Sathyamurthy A, (Chief Financial Officer) Ms. Ramya Kannan (Company Secretary) (resigned w.e.f January 14, 2019) Mr. Sameer Sudarshan R V, (Company Secretary) (appointed w.e.f April 24, 2019)

36 Related party transactions (contd.)

b. Summary of transactions during the year with the above related parties are as follows:

Particulars	March 31, 2020	March 31, 2019
i) Sale of accessories, fabrics, etc		
Subsidiary companies		
SNS Clothing Private Limited	28.17	57.71
	28.17	**57.71**
ii) Purchase of raw materials / finished goods		
Subsidiary companies		
SNS Clothing Private Limited	47.12	-
	47.12	**-**
iii) Rent		
Subsidiary companies		
SNS Clothing Private Limited	246.00	186.00
	246.00	**186.00**
iv) Managerial remuneration to		
a) Key managerial personnel		
Sivaramakrishnan Vilayur Ganapathi [1]	388.76	221.60
Sathyamurthy A [2]	141.24	127.93
Prabhat Kumar Singh	65.00	38.27
Ramya Kannan	-	10.71
Sameer Sudarshan R V	13.34	-
	608.34	**398.51**
[1] Current year remuneration includes variable pay of ₹150 Lakhs pertaining to the FY 2018-19 and paid during the current year.		
[2] Remuneration includes variable pay of ₹30 Lakhs (March 31, 2019: ₹15 Lakhs) pertaining to the previous year paid during the current year.		
b) Sitting fees paid to directors (independent directors and non-executive directors)		
Richard B. Saldanha	12.00	15.20
Mathew Cyriac	13.60	15.20
Anuradha Sharma	11.20	12.80
Gautham Madhavan	8.00	1.60
Arun K Thiagarajan	4.80	13.60
Jitendrakumar H Mehta	2.40	10.40
Palaniappan Chidambaram	-	8.00
Smita Aggarwal	-	4.80
	52.00	**81.60**
c) Summary of compensation of key managerial personnel of the Company		
Managerial remuneration	608.34	398.51
Sitting fees	52.00	81.60
Share based payment expenses	399.44	185.14
	1,059.78	**665.25**

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

36 Related party transactions (contd.)

c. Summary of outstanding balances with the above related parties are as follows:

Particulars	March 31, 2020	March 31, 2019
i) Other financial liabilities		
Payable to subsidiaries		
All Colour Garments Private Limited	368.81	368.86
SNS Clothing Private Limited	1,025.24	985.44
Vignesh Apparels Private Limited	96.36	96.75
	1,490.41	**1,451.05**
ii) Remuneration payable to Key managerial personnel		
Sivaramakrishnan Vilayur Ganapathi	150.00	150.00
Sathyamurthy A	40.00	30.00
	190.00	**180.00**

As the liability for gratuity and leave encashment to key managerial personnel is provided on actuarial basis for the Company as a whole, the gratuity and leave encashment amount pertaining to the key management personnel is not disclosed separately.

37 Disclosures of dues/payments to Micro, Small and Medium Enterprises to the extent such enterprises are identified by the Company

Particulars	March 31, 2020	March 31, 2019
i. The principal amount due thereon remaining unpaid as at the year end	24.39	18.62
Interest amount due and remaining unpaid as at the year end	-	-
ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
iv. The amount of interest accrued and remaining unpaid as the year end in respect of principal amount settled during the year	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

38 Share- based payments

The Company's employee benefit plans are as summarised below:

In September 2010, the shareholders of the Company approved Stock Option Plan (ESOP 2010) in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) for Employees Stock Options Plan. The plan covered all employees of the Company including employees of subsidiaries and directors and provided for the issue of 1,718,800 shares of ₹5 each.

Further, the shareholders of the Company by way of special resolution dated August 26, 2018 approved Employee Restricted Stock Unit Plan (RSU 2018) in accordance with the guidelines issued by the SEBI for employees Stock Options Plan. The plan covered all the senior management employees of the Company and provided for the issue of 2,133,040 shares of ₹5 each.

All amounts in Indian ₹ in lakhs, except stated otherwise

38 Share- based payments (contd.)

The fair value of the stock options is estimated at the grant date using a Black-Scholes-Merton ('BSM') option pricing model. The BSM option pricing model incorporates various assumptions including expected volatility, expected life and interest rates. The Company recognises share based compensation cost as expense over the requisite service period.

The contractual term of each option granted is ranging from two to three years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these share options

Employee stock option expense is as set out below:

Particulars	March 31, 2020	March 31, 2019
Expense arising from equity-settled share based payment transactions	703.91	285.06
	703.91	**285.06**

Movement during the year for ESOP 2010 Plan:

The activity in the ESOP 2010 Plan for equity-settled share based payment transactions is set out below:

Particulars	March 31, 2020		March 31, 2019	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
Opening balance	585,001	76.53	819,835	72.45
Granted during the year	-	-	-	-
Exercised during the year	(10,000)	32.25	(154,834)	56.98
Lapsed during the year	(33,334)	61.02	(80,000)	72.55
Closing balance	541,667	78.30	585,001	76.53
Exercisable as at year end	421,667		285,003	

The weighted average share price at the date of exercise of the options during the period was ₹79.40 (March 31, 2019 : ₹82).

The weighted average remaining contractual life for the share options outstanding is 6.64 years (March 31, 2019: 7.42 years)

The range of exercise prices for options outstanding at the end of the year was ₹32.25 to ₹85.96 (March 31, 2019: ₹32.25 to ₹85.96).

Movement during the year for RSU 2018 Plan:

The activity in the RSU 2018 Plan for equity-settled share based payment transactions is set out below:

Particulars	March 31, 2020		March 31, 2019	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
Opening balance	2,133,040	5.00	-	-
Granted during the year	-	-	2,133,040	5.00
Exercised during the year	-	-	-	-
Lapsed during the year	(35,000)	-	-	-
Closing balance	2,098,040	5.00	2,133,040	5.00
Exercisable as at year end	-		-	

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

38 Share- based payments (contd.)

The weighted average remaining contractual life for the share options outstanding is 6.12 years (March 31, 2019: 7.12 years)

The weighted average fair value of options granted during the year was ₹ Nil (March 31, 2019: ₹72.31)

The range of exercise prices for options outstanding at the end of the year was ₹5 (March 31, 2019: ₹5).

The following table list the inputs to the models used for the ESOP 2010 plan:

Particulars	March 31, 2020	March 31, 2019
Dividend yield (%)	-	-
Expected volatility (%)	-	-
Risk-free interest rate (%)	-	-
Expected life of share options (years)	-	-
Weighted average exercise price (₹)	-	-
Model used	-	-

* No options were granted under ESOP 2010 during the year ended March 31, 2020 and March 31, 2019.

The following table list the inputs to the models used for the RSU 2018 plan:

Particulars	March 31, 2020	March 31, 2019
Dividend yield (%)	-	0.00%
Expected volatility (%)	-	60.40% to 60.47%
Risk-free interest rate (%)	-	7.29% to 7.36%
Expected life of share options (years)	-	7 to 8
Weighted average exercise price (₹)	-	5.00
Model used	-	Black-Scholes-Merton ('BSM') option pricing model.

* No options were granted under RSU 2018 during the year ended March 31, 2020.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

39 Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in Note 2.2 (b) and Note 2.2 (o) to the standalone financial statements.

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2020 and March 31, 2019

As at March 31, 2020

Particulars	Amortised cost	Fair value through OCI	Total
Financial assets			
Investments (other than investments in subsidiaries)	3,551.72	-	3,551.72
Loans	3,398.32	-	3,398.32

All amounts in Indian ₹ in lakhs, except stated otherwise

39 Disclosures on Financial instruments (contd.)

Particulars	Amortised cost	Fair value through OCI	Total
Trade receivables	14,352.92	-	14,352.92
Cash and cash equivalents	1,223.45	-	1,223.45
Other financials assets	14,579.23	-	14,579.23
Foreign exchange forward contracts	-	-	-
Total assets	**37,105.64**	**-**	**37,105.64**
Financial liabilities			
Lease liabilities	4,897.89	-	4,897.89
Borrowings	39,095.07	-	39,095.07
Trade payables	11,376.88	-	11,376.88
Other financial liabilities	8,879.55	-	8,879.55
Foreign exchange forward contracts	-	2,308.54	2,308.54
Total liabilities	**64,249.39**	**2,308.54**	**66,557.93**

As at March 31, 2019

Particulars	Amortised cost	Fair value through OCI	Total
Financial assets			
Investments (other than investments in subsidiaries)	0.27	-	0.27
Loans	2,236.98	-	2,236.98
Trade receivables	16,167.47	-	16,167.47
Cash and cash equivalents	1,110.23	-	1,110.23
Other financials assets	13,910.72	-	13,910.72
Foreign exchange forward contracts	-	1,457.86	1,457.86
Total assets	**33,425.67**	**1,457.86**	**34,883.53**
Financial liabilities			
Borrowings	38,070.07	-	38,070.07
Trade payables	8,548.66	-	8,548.66
Other financial liabilities	7,469.90	-	7,469.90
Foreign exchange forward contracts	-	-	-
Total liabilities	**54,088.63**	**-**	**54,088.63**

(b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

39 Disclosures on Financial instruments (contd.)

Particulars	Fair value measurements at reporting date using			
	Level 1	Level 2	Level 3	Total
March 31, 2020				
Financial liabilities				
Foreign exchange forward contracts	-	2,308.54	-	2,308.54
March 31, 2019				
Financial assets				
Foreign exchange forward contracts	-	1,457.86	-	1,457.86

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

Fair value of loans (security deposits) having a carrying amount of ₹3,520.40 lakhs as at March 31, 2020 (March 31, 2019: ₹2,236.98 lakhs) was ₹3,520.40 lakhs (March 31, 2019: ₹2,074.68)

(ii) Foreign exchange forward contracts are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.

(iii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iv) There have been no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2020 and March 31, 2019

(c) Financial risk management objectives and policies

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy

39 Disclosures on Financial instruments (contd.)

(i) Market risk - Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/(decrease) in basis points	Effect on profit before tax
March 31, 2020	50	182.98
March 31, 2019	50	190.35

(ii) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating and financing activities. The Company's exposure to foreign currency changes from investing activities is not material.

The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales.

As at March 31, 2020 and March 31, 2019, the Company hedged ₹55,944.37 lakhs (USD 761.73 lakhs) and ₹42,357.55 lakhs (USD 584.50 lakhs) respectively of it expected foreign currency sales. Those hedged sales were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

The following table represents foreign currency risk from non derivative financial instruments as at March 31, 2020 and March 31, 2019

Particulars	Currency	March 31, 2020	March 31, 2019
Assets			
Trade receivables	USD	84.98	117.71
Trade receivables	EUR	0.37	1.21
Advance to suppliers	USD	14.48	-
Capital advances	USD	0.73	-
Cash and cash equivalents	USD	0.01	0.05
Liabilities			
Trade payables	USD	4.60	6.90
Liability for capital assets	USD	12.25	10.29
Liability for capital assets	EUR	0.18	1.99
Advances received from customers	USD	0.61	-

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

39 Disclosures on Financial instruments (contd.)

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in USD rate	Effect on profit before tax
March 31, 2020		
USD	5%	311.97
March 31, 2019		
USD	5%	347.28

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2020 and March 31, 2019. The period end balances are not necessarily representative of the average debt outstanding during the period.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments and cash and cash equivalents.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹37,105.64 lakhs, ₹34,883.53 lakhs, as at March 31, 2020 and March 31, 2019 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments other than investments in subsidiaries and other financial assets.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank fixed deposit and government securities, which carry no or low market risk.

39 Disclosures on Financial instruments (contd.)

The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank borrowings etc. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Company's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value.

Particulars	0-1 year	> 1 year	Total
March 31, 2020			
Borrowings	39,095.07	-	39,095.07
Trade payables	11,376.88	-	11,376.88
Other financial liabilities	11,188.09	-	11,188.09
	61,660.04	**-**	**61,660.04**
March 31, 2019			
Borrowings	38,070.07	-	38,070.07
Trade payables	8,548.66	-	8,548.66
Other financial liabilities	7,469.90	-	7,469.90
	54,088.63	**-**	**54,088.63**

Equity Price risk

Equity Price Risk is related to the change in fair value of the investments in equity securities. Company's investments in equity securities, including investments held for sale, are subject to changes in fair value of investments. The carrying value of investments represents the maximum equity risk. The maximum exposure to equity price risk was ₹ Nil and ₹ Nil lakhs as on March 31, 2020 and March 31, 2019 respectively, being the carrying value (net of provisions) of investments in unquoted equity shares. The risk is arising primarily on account of the Company's investment in a foreign associate (refer note 44).

40 Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Company

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and sale of certain assets, long term and short term bank borrowings and issue of securities.

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

Particulars	March 31, 2020	March 31, 2019
Borrowings (Refer note 16)	39,095.07	38,070.07
Total debts	**39,095.07**	**38,070.07**
Capital components		
Equity share capital (Refer note 13)	2,141.28	2,140.78

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

40 Capital management (contd.)

Particulars	March 31, 2020	March 31, 2019
Other equity (Refer note 14)	20,725.05	21,814.56
Total capital	**22,866.33**	**23,955.34**
Capital and borrowings	**61,961.40**	**62,025.41**
Gearing ratio (%)	**63.10%**	**61.38%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no material breaches in the financial covenants of any interest-bearing loans and borrowing for all the periods presented.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

41 Standards issued but yet not effective

The MCA has carried out amendments to the following accounting standards. The effect on adoption of following mentioned amendments were insignificant on the standalone Ind AS financial statements. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

(i) Ind AS 109: Prepayment Features with Negative Compensation

(ii) Ind AS 19: Plan Amendment, Curtailment or Settlement

(iii) Ind AS 103 Business Combinations

(iv) Ind AS 12 Income Taxes

(v) Ind AS 23 Borrowing Costs

(vi) Amendments to Ind AS 28: Long-term interests in associates and joint ventures

(vii) Ind AS 111 Joint Arrangements

42 The Company is in process of taking necessary steps to comply with the Transfer Pricing requirements relating to the preparation & maintenance of the Transfer Pricing documentation with respect to the specified domestic transactions entered into by the Company during financial year ended March 31, 2020. The Management is of the opinion that the specified domestic transactions are at arm's length and hence the aforesaid legislation will not have any impact on the standalone financial statements, particularly on the amount of tax expense and that of provision for taxation.

43 The Company had applied for a scheme of amalgamation (the Scheme) of 9 wholly owned subsidiary companies with the Company. The appointed date of amalgamation is April 01, 2016. The application was filed with the Hon'ble National Company Law Tribunal ("NCLT") on February 23, 2017. The NCLT has passed an order dated September 25, 2017 instructing the Company to conduct Secured Creditors Meeting and shareholders meeting in November 2017. Necessary approval has been obtained from the Secured Creditors (Canara Bank and Corporation Bank) on November 24, 2017 and shareholders of the Company on November 29, 2017 and the Report of the Chairman along with necessary petition has been filed with the NCLT. The approval from NCLT was received by the Company on March 11, 2019. The financial statements for the year ended March 31, 2019 comply with the accounting treatment described in the Scheme. This resulted in restatement of financial statements with effect from the appointed date i.e. April 01, 2016.

In view of the aforesaid matter and to facilitate ease of business operations, majority of the employees have been transferred from the subsidiary companies to the Company with effect from July 1, 2017.

44 The Company assessed the fair value less cost of sale of the investment in an associate held for sale as at March 31, 2020. Change in the regulatory environment and the market conditions effecting the associate has adversely affected the fair value of the Company's investment. The Company has written down the carrying value of the asset by recognizing an impairment loss of ₹626.56 lakhs as an exceptional charge during the year ended March 31, 2019. The Company continues to make efforts to mitigate the loss by selling such investment in the near future, which could result in a partial or full reversal of the impairment loss. Further to related developments during the year on this matter, including claims filed by the Company for the recovery, the Company has reassessed that it is appropriate to reclassify the Investment from 'Associate' to 'Others'.

45 During the year ended March 31, 2019, pursuant to the approval of the committee of the Board of Directors dated May 3, 2018, the Company had issued 77.08 lakh equity shares of ₹5 each, at an issue price of ₹90.00 per equity share (including ₹85.00 per share towards securities premium) aggregating to ₹6,937.20 lakh to qualified institutional buyers under chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the "SEBI Regulations") and provisions of all other applicable laws. The Shareholders had approved the aforesaid issue of equity shares by way of special resolution dated February 8, 2018. The amount raised from the above issue of shares has been utilised for the purposes for which it was raised.

46 The Company had filed petition with the Company Law Board for compounding of offence u/s. 297 of the erstwhile Companies Act, 1956 for the transactions entered with CMS Info Systems Private Limited between July 2009 to October 2011 and as at date, the petition is pending with the Company Law Board.

For periods subsequent to October 2011, the Company had filed an application with Central Government, Ministry of Corporate Affairs, seeking its approval u/s. 297(1) of the erstwhile Companies Act, 1956 for entering into contract with CMS Info Systems Private Limited which is pending approval.

47 Ministry of Corporate affairs have published a list of Disqualified Directors in September 2017. As per this list, Mr. Jitendra Kumar H Mehta (director of the Company as at March 31, 2018) was reported as disqualified from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013 for the period from November 1, 2015 to October 31, 2020 pursuant to his directorship of Tag Media Network Private Limited (defaulting company). Consequently, the director has filed a writ petition with the High Court of Karnataka and have obtained an interim stay. The Company is confident to receive a favourable order and that there will not be a material impact on the standalone Ind AS financial statements of the Company.

48 During the previous year certain foreign customers had filed a plan for reorganisation of its business and creditors in the court (' the reorganisation plan'). Consequently, based on recommendation of legal counsel, the Company had filed a claim for the balances outstanding with the relevant authorities, including for some claims which were eligible for preferential payment. Based on final negotiation and settlement under the reorganization plan by the court appointed administrative claims manager and also realisations made during the year, the Company carries an aggregate provision on account of expected credit loss towards this customer amounting to ₹523 lakhs (including provision recognised in the current year of ₹390 lakhs) towards these claims. The aggregate outstanding balance as at March 31, 2020 from this customer is ₹357 lakhs (March 31, 2019: ₹308 lakhs) after adjusting the aforementioned provision and realisations of ₹220 lakhs received during the year.

Subsequent to the year ended March 31, 2020 another foreign customer with an outstanding receivable balance of ₹815 lakhs as at March 31, 2020, has filed for a plan for reorganisation of its business and creditors in the court, the Company has filed a creditor claim for the balances outstanding for ₹250 lakhs as at the date of such filing (after considering subsequent realisations to March 31, 2020). Based on the assessment of expected recovery the Company has created a provision on account of expected credit loss amounting to ₹125 lakhs. The Company is confident of recovery of the balance amounts.

Notes to the standalone financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

49 Revenue from contracts with customers

a. Disaggregation of Revenue

The Company has disaggregated revenue into various categories in the following table which is intended to enable users to understand the relationship with revenue segment information provided in note 32.

Primary Geographic Markets (Name of the country)	Sale of finished goods	
	31-Mar-20	31-Mar-19
United States of America	76,412.38	59,492.72
Canada	3,745.55	3,927.09
Spain	3,401.77	2,660.69
China	1,992.40	2,804.09
Germany	1,803.98	3,771.43
France	1,768.32	1,883.75
Japan	1,455.16	1,868.79
Netherlands	1,451.40	2,590.21
Other Overseas Countries	11,181.71	11,789.02
India	24,640.94	17,423.75
Total	**127,853.61**	**108,211.54**

Apart from geographic location of customers; the characteristics of Company's revenue are uniform in terms of product type, contract counterparties, timing of transfer of goods, uncertainty of revenue and cashflows etc. Therefore, disaggregation of revenue as per these categories is not applicable.

b. Remaining performance Obligations

All of the Company's contracts are for the delivery of goods within the next 12 months for which the practical expedient in paragraph 121(a) of Ind AS 115 applies. As a result, the Company has not disclosed the information pertaining to remaining performance obligations as required by paragraph 120 of Ind AS 115.

c. Estimates and assumptions

Except as disclosed in note 48, there are no significant estimates and assumptions.

d. Contract balances

	Contract liabilities	
	31-Mar-20	31-Mar-19
Balance at the beginning of the year	169.54	209.04
Less: Amount included in contract liabilities that was recognised as revenue during the period	(169.54)	(209.04)
Add: Cash received in advance of performance and not recognised as revenue during the period	188.96	169.54
Balance at the end of the year	**188.96**	**169.54**

e. Transition to Ind AS 115

The Company has applied Ind AS 115 under modified retrospective approach as per paragraph C3(B) of Appendix C of Ind AS 115. Under the modified retrospective approach there were no significant adjustments required to the retained earnings. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial statements for the year ended March 31, 2020.

50 In view of Ministry of Textiles, Government of India's Gazette Notification number CG-DL-E 15012020-215423 dated January 14, 2020, the Company had, during the year ended March 31, 2020, reversed the Export incentives receivables of ₹610.84 Lakhs for the period from March 07, 2019 to March 31, 2019 and is disclosed as an exceptional item. Further, the Company has not recognised the Merchandise Export from India Scheme (MEIS) benefit during the current year in view of the said notification.

51 During the quarter ended March 31, 2020, pursuant to the approval of the Board of Directors, the Company has concluded the sale of one of its lands, alongwith building constructed thereon. The transaction resulted in a gain of ₹2,604.78 lakhs, which has been recognised as an exceptional item.

52 For the year ended March 31, 2020, the Company is not required to spent amounts on Corporate Social Responsibility as per Section 135 of the Companies Act 2013.

53 The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which has been/was further extended till May 3, 2020. This pandemic and government response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.

The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that the impact is primarily the operational aspects of the business and as the lock down was for a substantial period only subsequent to year end. Management has been able to address and counter the potential impact on the financial statements as at March 31, 2020 such as enhancing borrowing limits, strengthening liquidity, optimisation of resource utilisation, etc.

In assessing the recoverability of receivables including receivables, investments, and other assets, the Company has considered internal and external information up to the date of approval of these financial statements including status of existing and future customer orders, cash flow forecasts, commitments with suppliers, etc. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets, the Company has also considered the impact of subsequent events in its assessment and concluded that there is no significant impact which is required to be recognised in the financial statements. Accordingly, no further adjustments have been made to the financial statements.

Considering the dynamic nature of the issue, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

54 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the standalone financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

55 Previous period/ year's figures have been regrouped/ reclassified, wherever necessary to confirm to the current period/ year's classification.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
June 26, 2020

For and on behalf of the Board of Directors of
Gokaldas Exports Limited
CIN: L18101KA2004PLC033475

Richard B Saldanha
Chairman of Board
of Directors
DIN: 00189029

Place: Hyderabad

Sivaramakrishnan Vilayur Ganapathi
Managing Director
DIN: 07954560

Sathyamurthy A
Chief Financial Officer

Place: Bengaluru
June 26, 2020

Sameer Sudarshan R V
Company Secretary
Membership No.: A48679

Place: Bengaluru
June 26, 2020

Independent Auditor's Report

To the Members of
Gokaldas Exports Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Gokaldas Exports Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2020, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements . We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following matters in the Notes to the consolidated financial statements:

a) Note 48 to the audited financial statements which states that certain foreign customers with an aggregate outstanding balance of ₹357 Lakhs as on March 31, 2020 had filed a plan for reorganization of its business and creditors in the court ('the reorganization plan'). Consequently, based on recommendation of legal counsel, the Holding Company has filed a claim with the relevant authorities. Based on the settlement by the Administrative Expense Claims Consent Program negotiated under the reorganization plan, subsequent realisation and expected recovery the Holding Company has created a provision on account of expected loss amounting to ₹523 Lakhs towards these claims. Further, subsequent to the year ended March 31, 2020, another foreign customer has filed for a plan for reorganization of its business and creditors in the court. The Holding company has filed a creditor claim and based on the assessment of recovery has created a provision on account of expected loss amounting to ₹125 Lakhs.

b) Note 53 to the financial statements which states that the management has made an assessment of the impact of COVID-19 on the Group's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that primarily the operational aspects of the business have been affected substantially only subsequent to year end. Management has considered the mitigating actions taken and results of its assessment on subsequent events and concluded that there is no significant impact which is required to be recognized in the financial statements.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
1	**Allowance for Doubtful Debts:** Refer Note 48 to the Consolidated Financial Statements Certain foreign customers with an aggregate outstanding balance of ₹357 Lakhs as on March 31, 2020 had filed a plan for reorganization of its business and creditors in respective jurisdictional courts. Consequently, based on recommendation of its legal counsel, the Holding Company had filed a claim with the relevant authorities for the aforesaid receivable. Based on further development and final settlement confirmed by the court appointed claim administrative manager, the Holding Company has made a total expected credit loss provision of ₹523 Lakhs on these receivables till date. The Holding Company has received one tranche of payments during the year from the confirmed settlement and the balance is expected to be settled in two tranches which Management is confident of recovery. Additionally, subsequent to the year ended March 31, 2020, another foreign customer with an outstanding receivable balance of ₹815 Lakhs as at March 31, 2020, has filed a plan for reorganization of its business and creditors in the court, the Holding Company has filed a creditor claim for the balances outstanding and remaining unrealised as at date of such filing i.e. ₹250 Lakhs. Based on the expected recovery the Holding Company has created a provision on account of expected loss amounting to ₹125 Lakhs. The eventual outcome of the above matter is uncertain, and the position taken by the Holding Company are based on the application of significant estimation and judgement, due to which we have determined this to be a key audit matter.	Our audit procedures in respect of this area included: 1. Understanding and evaluating process and controls designed and implemented by the Management including testing of relevant controls on accounts receivable and provision assessment. 2. Assessing the recoverability of the amounts due, through inquiry with management and verifying corroborative evidence to support the conclusions drawn. 3. Assessing management's estimate and related policies w.r.t expected credit loss provision. 4. Reviewing legal and other documentation available with the Holding Company to understand the legal position of the Holding Company and confirm facts relating to the matter. 5. Verifying a transaction on a test check basis with underlying supporting documents including subsequent relaisations. 6. Inspecting the documentation received from the customer for the settlements confirmed and claims filed. 7. Reviewed the management assessment of subsequent event. 8. Verifying the adequacy of the disclosure made by the Holding Company in the financial statements.
2	**Recognition, Measurement and Presentation as per 'Ind AS 105 – Non-Current Assets Held for Sale and Discontinued Operations'.** Refer Note 44 to the Consolidated Financial Statements. During the year ended March 31, 2018, the Holding Company had acquired compulsorily convertible preference shares (CCPS) in Yepme UK Limited ('the investment' or 'Yepme'). This investment was classified as 'held for sale' upto March 31, 2019 pursuant to the approval of Board of Directors for disposal of the investment.	Our audit procedures in respect of this areas included: 1. Reviewing the agreement for purchase of compulsorily convertible preference shares in Yepme to assess on the nature of investments. 2. Reviewing supporting evidence w.r.t management's actions towards recovery and communications with Yepme. 3. Evaluating the conditions stated in 'Ind AS 105-Non-Current Assets Held for Sale and Discontinued Operations' to the said transaction.

Sr. No	Key Audit Matter	How the Key Audit Matter was addressed in our audit
	Post classification, circumstances arose that were previously considered unlikely and as a result, the investment was not sold as on March 31, 2019. The Holding Company has continued to classify the investment as 'held for sale' as on March 31, 2019 as the management remains committed to the plan of selling the investment in near future and is taking necessary actions to identify and evaluate potential buyers. The Holding Company was not in the possession of relevant financial information relating to Yepme, and accordingly, the management had fully provided for the value of investment and had disclosed the same as an exceptional item. During the year pursuant to further developments in the matter including litigation filed by the Holding Company against Yepme and its Holding Company of Yepme, and insolvency application filed by the Holding Company of Yepme, there have been significant restriction on the Holding Company's ability to exercise significant influence and also drive economic benefit from the Investment in Yepme. Considering that Management has reassessed the classification of the balance and reclassified it from "Investment in Associate" to "Investment in Others". Further, the Holding Company has become eligible, and subsequent to year end invoked its option to require Yepme and its holding company to buyback the CCPS from the Holding Company. The management has assessed the Nil fair value of these and therefore no adjustments made to the financial statements. Due to the significance of the above matter, we have considered this as a key audit matter.	4. Discussion with the Management and verification of evidence available to evaluate the Holding Company's actions to obtain the financial statements / financial information of Yepme and also correspondences with legal counsel, external foreign regulators and court appointed insolvency professional. 5. Evaluation of classification of the investment and management assessment for concluding lack of significant influence. 6. Reviewed the results of managements assessments of subsequent events. 7. Review of adequacy of disclosures in respect of the said transaction.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management report, Chairman's statement, Director's report etc but does not include the consolidated financial statements and our auditor's report thereon. The Management report, Chairman's statement, Director's report etc is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing ("SAs") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Other Matters

a. We did not audit the financial statements of three subsidiaries whose financial statements reflect total assets of ₹538 Lakhs as at 31st March, 2020, total revenues of ₹586 Lakhs and net cash flows amounting to ₹ (2.69) Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

b. Due to the COVID – 19 related lockdown we were not able to participate in the physical verification of inventory that was carried out by the management subsequent to the year end. Consequently, we have performed alternate procedures to the audit of existence of inventory as per the guidance provided in SA 501 – "Audit Evidence – Specific Considerations for Selected Items" and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these Consolidated Financial Statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate report in “Annexure B”.

g. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditor’s) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us.

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 33 to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Holding Company, to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder except in case of three subsidiaries, as the provisions of the aforesaid section is not applicable to private companies.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No.: 113292
UDIN: 20113292AAAALC6950

Place: Bengaluru
Date: June 26, 2020

Annexure A to the Independent Auditor's Report on even date on the Consolidated Financial Statements of Gokaldas Exports Limited

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.

We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No.: 113292
UDIN: 20113292AAAALC6950

Place: Bengaluru
Date: June 26, 2020

Annexure B to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Gokaldas Exports Limited

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Gokaldas Exports Limited on the consolidated Financial Statements for the year ended March 31, 2020]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of Gokaldas Exports Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies which are companies incorporated in India.

Meaning of Internal Financial Controls with Reference to Consolidated Financial Statements

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies which are companies incorporated in India, have, in all material respects, internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 3 subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **MSKA & Associates**
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No.: 113292
UDIN: 20113292AAAALC6950

Place: Bengaluru
Date: June 26, 2020

Consolidated Balance Sheet as at March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Non- current assets			
Property, plant and equipment	3(a)	12,713.18	10,553.92
Right-of-use assets	3(b)	4,308.06	-
Capital work-in-progress	3(a)	78.98	144.76
Other intangible assets	4	220.06	184.69
Financial assets			
Investments	5	0.29	0.29
Loans	6	3,472.76	2,306.59
Other financial assets	7	13,907.58	13,246.57
Deferred tax assets	8(a)	74.19	-
Non-current tax assets (net)	8(b)	1,206.28	1,315.78
Other non-current assets	9	204.01	428.56
Total non-current assets		**36,185.39**	**28,181.16**
Current assets			
Inventories	10	28,924.05	26,268.72
Financial assets			
Investments	5	3,551.45	-
Trade receivables	11	14,353.04	16,170.02
Cash and cash equivalents	12	1,229.28	1,118.75
Other financial assets	7	671.65	2,122.01
Other current assets	9	7,557.00	6,477.05
Total current assets		**56,286.47**	**52,156.55**
Assets classified as held for sale		-	595.22
Total assets		**92,471.86**	**80,932.93**
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	13	2,141.28	2,140.78
Other equity	14	20,520.05	21,897.49
Total equity		**22,661.33**	**24,038.27**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	33(I)	2,946.02	-
Provision for employee benefits	15	455.30	412.32
Total non-current liabilities		**3,401.32**	**412.32**
Current liabilities			
Financial liabilities			
Borrowings	16	39,095.07	38,070.07
Trade payables	17		
Total outstanding dues of micro, small and medium enterprises		24.39	18.62
Total outstanding dues of creditors other than micro, small and medium enterprises		11,404.59	8,553.82
Lease liabilities	33(I)	2,120.45	-
Other current financial liabilities	18	9,711.83	6,031.16
Other current liabilities	19	1,008.93	895.89
Provision for employee benefits	15	3,043.95	2,592.78
Total current liabilities		**66,409.21**	**56,162.34**
Liabilities directly associated with assets classified as held for sale		-	320.00
Total equity and liabilities		**92,471.86**	**80,932.93**
Summary of significant accounting policies.	2.3		

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
June 26, 2020

For and on behalf of the Board of Directors of
Gokaldas Exports Limited
CIN: L18101KA2004PLC033475

Richard B Saldanha
Chairman of Board
of Directors
DIN: 00189029

Place: Hyderabad

Sivaramakrishnan Vilayur Ganapathi
Managing Director
DIN: 07954560

Sathyamurthy A
Chief Financial Officer

Place: Bengaluru
June 26, 2020

Sameer Sudarshan R V
Company Secretary
Membership No.: A48679

Place: Bengaluru
June 26, 2020

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

		Notes	March 31, 2020	March 31, 2019
I	**Income**			
	Revenue from operations	20	136,524.48	117,451.91
	Other income	21	3,490.95	2,167.71
	Total income		**140,015.43**	**119,619.62**
II	**Expenses**			
	Cost of raw materials and components consumed	22	69,609.75	59,053.49
	Changes in inventories of finished goods and work-in-progress	23	(414.71)	(6,727.61)
	Employee benefits expense	24	46,742.44	39,495.52
	Finance costs	25	3,682.47	3,290.94
	Depreciation and amortization expenses	26	5,481.92	1,922.36
	Job work charges		1,063.87	1,549.87
	Other expenses	27	12,804.92	17,900.58
	Total expenses		**138,970.66**	**116,485.15**
III	**Profit/(Loss) before exceptional items and tax (I-II)**		**1,044.77**	**3,134.47**
IV	**Exceptional items**	28	(1,993.94)	626.56
V	**Profit/(Loss) after exceptional items and before tax (III-IV)**		**3,038.71**	**2,507.91**
VI	**Tax expenses**			
	Current tax		74.19	-
	Adjustment of tax relating to earlier years		-	(50.05)
	Deferred tax (credit)/charge		(74.19)	-
			-	**(50.05)**
VII	**Profit/(Loss) after tax for the period (V-VI)**		**3,038.71**	**2,557.96**
VIII	**Other comprehensive income/ (loss) (net of tax)**			
	Items that will not be reclassified to profit or loss in subsequent periods:			
	Re-measurement gains/ (losses) on defined benefit plan		(196.65)	(175.31)
	Income tax effect		-	-
	Items that will be reclassified to profit or loss in subsequent periods:			
	The effective portion of gain and loss on hedging instruments in a cash flow hedge (net)		(3,401.95)	1,450.71
	Total other comprehensive income/ (loss) for the year, net of tax		**(3,598.60)**	**1,275.40**
IX	**Total comprehensive income for the period attributable to equity holders (VII+VIII)**		**(559.89)**	**3,833.36**
X	**Earnings per equity share (EPS) [nominal value of ₹5 (March 31, 2019- ₹5)]**	30		
	Basic EPS		7.10	6.08
	Diluted EPS		6.67	5.92

Summary of significant accounting policies 2.3

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
June 26, 2020

For and on behalf of the Board of Directors of Gokaldas Exports Limited
CIN: L18101KA2004PLC033475

Richard B Saldanha
Chairman of Board of Directors
DIN: 00189029
Place: Hyderabad

Sivaramakrishnan Vilayur Ganapathi
Managing Director
DIN: 07954560

Sathyamurthy A
Chief Financial Officer

Place: Bengaluru
June 26, 2020

Sameer Sudarshan R V
Company Secretary
Membership No.: A48679

Place: Bengaluru
June 26, 2020

Consolidated statement of changes in equity for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

a. Equity share capital

	No of Shares	Amount
Equity shares of ₹5 each issued, subscribed and fully paid		
At April 1, 2018	34,952,829	1,747.64
Add: Issued during the year	7,862,834	393.14
At March 31, 2019	**42,815,663**	**2,140.78**
At April 1, 2019	42,815,663	2,140.78
Add: Issued during the year	10,000	0.50
At March 31, 2020	**42,825,663**	**2,141.28**

b. Other equity

For the year ended March 31, 2020

	Reserves and Surplus					Items of OCI	Total
	Securities premium	General reserve	Capital Reserve on amalgamation	Share based payments reserve	Retained earnings	Cash flow hedge reserve	
As at April 1, 2019	20,404.46	2,192.09	9,769.12	479.87	(12,324.23)	1,376.18	21,897.49
Profit for the year	-	-	-	-	3,038.71	-	3,038.71
The effective portion of gain and loss on hedging instruments in a cash flow hedge (net) (refer note 34)	-	-	-	-	-	(3,401.95)	(3,401.95)
Remeasurement of post employment benefits obligations, net of tax	-	-	-	-	(196.65)	-	(196.65)
Total comprehensive income	**20,404.46**	**2,192.09**	**9,769.12**	**479.87**	**(9,482.17)**	**(2,025.77)**	**21,337.60**
Additions on account of shares issued during the year	2.72	-	-	-	-	-	2.72
Change in accounting policy on adoption of Ind AS 116 (refer note 33(I))	-	-	-	-	(1,524.18)	-	(1,524.18)
Transfer to securities premium on exercise of equity stock options	51.97	-	-	(51.97)	-	-	-
Share based payment expense (Refer note 38)	-	-	-	703.91	-	-	703.91
At March 31, 2020	**20,459.15**	**2,192.09**	**9,769.12**	**1,131.81**	**(11,006.35)**	**(2,025.77)**	**20,520.05**

Consolidated statement of changes in equity for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

For the year ended March 31, 2019

	Reserves and Surplus					Items of OCI	Total
	Securities premium	General reserve	Capital Reserve on amalgamation	Share based payments reserve	Retained earnings	Cash flow hedge reserve	
As at April 1, 2018	13,899.90	2,192.09	9,769.12	263.05	(14,706.88)	(74.53)	11,342.75
Profit for the year	-	-	-	-	2,557.96	-	2,557.96
The effective portion of gain and loss on hedging instruments in a cash flow hedge (net) (refer note 34)	-	-	-	-	-	1,450.71	1,450.71
Remeasurement of post employment benefits obligations, net of tax	-	-	-	-	(175.31)	-	(175.31)
Total comprehensive income	**13,899.90**	**2,192.09**	**9,769.12**	**263.05**	**(12,324.23)**	**1,376.18**	**15,176.11**
Additions on account of shares issued during the year [1]	6,436.33	-	-	-	-	-	6,436.33
Transfer to securities premium on exercise of equity stock options	68.23	-	-	(68.23)	-	-	-
Share based payment expense (Refer note 38)	-	-	-	285.05	-	-	285.05
At March 31, 2019	**20,404.46**	**2,192.09**	**9,769.12**	**479.87**	**(12,324.23)**	**1,376.18**	**21,897.49**

[1] net off of share issue expenses of ₹195.96 lakhs

Refer note 2.3 for summary of significant accounting policies.

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
June 26, 2020

For and on behalf of the Board of Directors of Gokaldas Exports Limited
CIN: L18101KA2004PLC033475

Richard B Saldanha
Chairman of Board of Directors
DIN: 00189029
Place: Hyderabad

Sivaramakrishnan Vilayur Ganapathi
Managing Director
DIN: 07954560

Sathyamurthy A
Chief Financial Officer

Place: Bengaluru
June 26, 2020

Sameer Sudarshan R V
Company Secretary
Membership No.: A48679

Place: Bengaluru
June 26, 2020

Consolidated cash flow statement for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

	Notes	March 31, 2020	March 31, 2019
Cash flow from operating activities			
Profit/(Loss) before exceptional items and tax		**1,044.77**	**3,134.47**
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expenses		5,481.92	1,922.36
Net loss/(gain) on disposal of property, plant and equipment		(43.47)	(59.27)
Foreign exchange loss/(gain), net unrealised		232.37	(74.19)
Gain on sale of investments in mutual fund units		(168.24)	(173.18)
Income from government grants		(570.37)	(300.18)
Share based payment expenses		703.91	285.06
Provision no longer required, written back		(5.17)	(173.10)
Irrecoverable balances written off		-	565.93
Provision for doubtful deposits and advances		-	30.00
Provision for doubtful debts		514.01	327.73
Provision For Export Incentives Receivables		(610.84)	-
Interest income		(973.32)	(1,135.29)
Finance costs		3,682.47	3,290.94
Operating profit/(loss) before working capital changes		9,288.04	7,641.28
Changes in operating assets and liabilities:			
(Increase)/ decrease in loans		(1,136.58)	339.35
(Increase)/ decrease in other financial assets		0.48	15.05
(Increase)/ decrease in other assets		(1,397.36)	121.98
(Increase)/ decrease in inventories		(2,655.33)	(8,466.34)
(Increase)/ decrease in trade receivables		1,666.33	5,018.35
Increase/ (decrease) in provisions for employee benefits		297.50	384.63
Increase/ (decrease) in trade payables		2,847.65	(1,015.68)
Increase/ (decrease) in other financial liabilities		820.60	662.21
Increase/ (decrease) in other liabilities		93.62	20.01
		9,824.95	4,720.84
Direct taxes refunded/ (paid) (net of refund/payments)		35.31	393.15
Net cash flows from/ (used in) operating activities (A)		**9,860.26**	**5,113.99**
Cash flow from investing activities			
Purchase of property, plant and equipment (including intangible assets and capital work-in-progress)		(3,775.39)	(2,442.06)
Proceeds from sale of property, plant and equipment		2,994.88	209.71
Investments in bank deposits		(13,684.42)	(13,220.78)
Redemption of bank deposits		13,022.50	14,093.84
Investment in mutual funds		(8,800.00)	(6,700.00)
Proceeds from sale of investment in mutual funds		5,416.79	6,873.18
Interest income received		966.25	1,190.44
Net cash flows from/ (used in) investing activities (B)		**(3,859.39)**	**4.33**
Cash flow from financing activities			
Proceeds from issue of shares/exercise of share options including share application money		3.22	6,829.47
Proceeds of short-term borrowings		198,223.23	173,724.71
Repayment of short-term borrowings		(195,973.11)	(182,795.97)
Payment of lease liabilities		(3,860.41)	-
Finance costs paid		(2,860.35)	(3,450.04)
Net cash flows from/ (used in) financing activities (C)		**(4,467.42)**	**(5,691.83)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		1,533.45	(573.51)
Cash and cash equivalents at the beginning of the year	12	(2,479.49)	(1,905.98)
Cash and cash equivalents at the end of the year		**(946.04)**	**(2,479.49)**

Consolidated cash flow statement for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

	Notes	March 31, 2020	March 31, 2019
Reconciliation of cash and cash equivalents as per the cash flow statement:			
Cash and cash equivalents as per above comprise of the following			
Cash and cash equivalents (refer note 12)		1,229.28	1,118.75
Bank overdraft		(2,175.32)	(3,598.24)
Balances per statement of cash flows		**(946.04)**	**(2,479.49)**

Refer note 2.3 for summary of significant accounting policies.

Explanatory notes to statement of cash flows

1. Changes in liabilities arising from financial activities:

Particulars	March 31, 2020	March 31, 2019
Liabilities arising from financing activities		
Short-term borrowings (Refer note 16)		
Opening balance	**34,471.83**	**43,624.55**
Cash flow changes:		
Proceeds / (repayment of borrowings)	2,250.12	(9,071.26)
Non-cash changes		
Foreign exchange fluctuations	197.80	(81.46)
Closing balance	**36,919.75**	**34,471.83**

The accompanying notes are an integral part of these consolidated financial statements.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
June 26, 2020

For and on behalf of the Board of Directors of
Gokaldas Exports Limited
CIN: L18101KA2004PLC033475

Richard B Saldanha
Chairman of Board
of Directors
DIN: 00189029
Place: Hyderabad

Sivaramakrishnan Vilayur Ganapathi
Managing Director
DIN: 07954560

Sathyamurthy A
Chief Financial Officer

Place: Bengaluru
June 26, 2020

Sameer Sudarshan R V
Company Secretary
Membership No.: A48679

Place: Bengaluru
June 26, 2020

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

1 Corporate information

Gokaldas Exports Limited ('GEL' or 'the Company') (having Corporate Identity Number(CIN): L18101KA2004PLC033475) and its subsidiaries ('the Group') are mainly engaged in the business of design, manufacture, and sale of a wide range of garments for men, women, and children and caters to the needs of several leading international fashion brands and retailers. The principal source of revenue for the Group is from manufacture and sale of garments and related products, both domestic and overseas.

The Company is a public company domiciled in India and its shares are listed on National Stock Exchange and Bombay Stock Exchange in India. The registered office of the Company is located in Bengaluru.

These consolidated financial statements were approved by the Board of Directors and authorised for issue on June 26, 2020.

2 Significant accounting policies

The significant accounting policies applied by the Group in the preparation of its consolidated financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these consolidated financial statements, unless otherwise indicated.

2.1 Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from April 1, 2016. The consolidated financial statements of the Group, have been prepared and presented in accordance with Ind AS.

Effective April 1, 2017, the Group has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101, First time adoption of Indian Accounting Standards, with April 1, 2016 as the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (refer accounting policy regarding financial instruments) which have been measured at fair value.

These consolidated financial statements are presented in Indian Rupees("₹"), which is the functional currency of GEL and all values are rounded to nearest lakhs except when otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.

(d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

a. Current versus non-current classification

The Group presents assets and liabilities in the consolidated balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

The Group has identified twelve months as its operating cycle.

b. Fair value measurement of financial instruments

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

c. Foreign currencies

In preparing the consolidated financial statements, transactions in foreign currencies are recorded at the rates of exchange prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in the foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the retranslation or settlement of other monetary items are included in the Consolidated Statement of Profit and Loss for the year.

d. Revenue recognition

i. Revenue from Contracts with Customers:

Effective April 1, 2018, the Group adopted Ind AS 115 “Revenue from Contracts with Customers” using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted.

The following is a summary of new and/or revised significant accounting policies related to revenue recognition.

Performance obligations and timing of revenue recognition:

The Group derives its revenue primarily from export of garments and related products, with revenue recognised at a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer/ agent nominated by the customer. There is limited judgement needed in identifying the point when control passes:

- once physical delivery of the products has occurred to the location as per agreement,
- the Company no longer has physical possession,
- usually will have a present right to payment (as a single payment on delivery) and
- retains none of the significant risks and rewards of the goods in question

The Group also derives some revenue from job work contracts. In these cases, revenue is recognised as and when services are rendered i.e. the products on which job work is performed is delivered to the customer at agreed location.

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

Determining the transaction price:

The Groups's revenue is derived from fixed price contracts and therefore the amount of revenue to be earned from each contract is determined by reference to those fixed prices. There is no significant variable consideration involved.

Allocating amounts to performance obligations

For most contracts, there is a fixed unit price for each unit sold, therefore, there is no judgement involved in allocating the contract price to each unit.

Costs of fulfilling contracts:

The costs of fulfilling contracts do not result in the recognition of a separate asset because such costs are included in the carrying amount of inventory for contracts involving the sale of goods.

The Group presents revenues net of indirect taxes in its Consolidated Statement of Profit and loss.

Advances received from customers are in the nature of contract liability.

ii. Revenue from export incentives:

Export incentives are recognised on accrual basis in accordance with the applicable schemes formulated, by the Government of India and where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

iii. Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income ('OCI'), interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the Consolidated Statement of Profit and Loss.

iv. Dividends:

Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend.

v. Others:

Insurance / other claims are recognised on acceptance basis.

e. Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets or disposal group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

a) The appropriate level of management is committed to a plan to sell the asset,

b) An active programme to locate a buyer and complete the plan has been initiated,

c) The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

d) The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

e) Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell.

Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet.

f. Government grants

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as income in the Consolidated Statement of Profit and Loss upon fulfilment of the conditions attached to the grant received. These grants are presented in the Consolidated Balance Sheet by deducting the grant in arriving at the carrying amount of the asset.

Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

Export incentives are recognized on accrual basis in accordance with the applicable schemes formulated, by the Government of India and where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

g. Taxes on income

Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Group's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Notes to the consolidated financial statements for the year ended March 31, 2020

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Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

h. Property, plant and equipment (PPE)

On transition to Ind AS, the Group had elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2016.

Freehold land is carried at historical cost and is not depreciated. Capital work-in-progress and all other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are de-recognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Group identifies and determines cost of each component / part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Depreciation is provided using the written down value method ('WDV') as per the useful lives of the assets estimated by the management with residual value at 5%, which is equal to the corresponding rates prescribed under Schedule II of the Companies Act, 2013 ('the Act').

Category of assets	Estimated useful life
Buildings	30 years
Plant and machinery	15 years
Electrical equipment's	10 years
Furniture and fixtures	10 years
Office equipment	5 years
Vehicles	8 years
Computers	3 years

Leasehold improvements are capitalised at cost and amortized over their expected useful life or the non-cancellable term of the lease, whichever is less on a straight line basis.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss when the asset is derecognised.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period with the affect of any change in the estimate being accounted for on a prospective basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

A summary of the policies applied to the Group's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Computer software	Definite (2.5 years)	WDV	Acquired

i. Borrowing cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease.

For arrangements entered into prior to April 1, 2016, the Company had determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit and loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs.

The Group's lease asset classes primarily consist of leases for Buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Transition to Ind AS 116

Ministry of Corporate Affairs (MCA) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019 has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. The Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019.

The difference between the lease obligation recorded as of March 31, 2019 under Ind AS 17 and the value of the lease liability as of April 1, 2019 is primarily on account of inclusion of extension and termination options reasonably certain to be exercised,in measuring the lease liability in accordance with Ind AS 116 and discounting the lease liabilities to the present value under Ind AS 116.

Adoption of Ind AS 116 did not have a significant impact on the consolidated financial statements for the year ended March 31, 2020.

k. Inventories

Inventories are valued as follows:

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. 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.

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on a weighted average basis. These are valued at lower of cost and net realisable value after considering provision for obsolescence and other anticipated loss, wherever considered necessary.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

l. Provisions and contingent liabilities

i. Provisions:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. Contingent liabilities:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

Provisions and contingent liabilities are reviewed at each balance sheet.

m. Retirement and other employee benefits

Retirement benefit in the form of provident fund, employee state insurance and pension fund are defined contribution schemes. The Group has no obligation, other than the contribution payable to the respective funds. The Group recognises contribution payable to provident fund, pension fund and employee state insurance as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, allowances and bonus etc., are recognised in the consolidated statement of profit and loss in the period in which the employee renders the related service.

Gratuity liability is a defined benefit obligation which is funded through policy taken from Life Insurance Corporation of India and liability (net of fair value of investment in LIC) is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each balance sheet date. Every employee who has completed 4 years 240 days or more of the service gets a gratuity on departure at

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15 days' salary (last drawn salary) of each completed year of service. The fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end.

The Group presents the leave as a current liability in the Consolidated Balance Sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Consolidated Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

a. The date of the plan amendment or curtailment, and
b. The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
b. Net interest expense or income

n. Share- based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the service / performance conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Consolidated Statement of Profit and Loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (except in anti-dilution cases).

o. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the consolidated statement of profit and loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

(a) Financial assets

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the consolidated statement of profit and loss. For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

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Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the consolidated statement of profit and loss.

The Group recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Impairment loss on investments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in consolidated statement of profit or loss.

(b) Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the consolidated statement of profit and loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

i. Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

ii. De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit and loss.

Off-setting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p. Derivative financial instruments

The Group uses derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

a. Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the consolidated statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting gains or losses are included in the consolidated statement of profit and loss.

b. Cash flow hedge accounting

The Group designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the Consolidated Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the net profit in the Consolidated Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the Consolidated Statement of Profit and Loss.

q. Impairment of non-financial assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Group suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the consolidated statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit and loss.

r. Corporate social responsibility ('CSR') expenditure

The Group charges its CSR expenditure during the year to the consolidated statement of profit and loss.

s. Cash and Cash equivalent

Cash and cash equivalents in the consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.4 The entities consolidated in the consolidated financial statements are listed below:

Particulars	Gokaldas Exports Limited		All Colour Garments Private Limited		SNS Clothing Private Limited		Vignesh Apparels Private Limited		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Country of incorporation	India		India		India		India			
Relationship as at the year end	Holding Company		Subsidiary		Subsidiary		Subsidiary			
Percentage of effective ownership interest held (directly and indirectly)	100%	100%	100%	100%	100%	100%	100%	100%		
Percentage of voting rights held	100%	100%	100%	100%	100%	100%	100%	100%		
Net assets i.e. total assets minus total liabilities [1]										
- As a % of consolidated net assets	100.90%	99.66%	1.64%	1.54%	5.77%	6.63%	0.43%	0.41%	108.74%	108.24%
- ₹ in lakhs (A)	22,866.33	23,955.34	370.76	371.06	1,306.75	1,594.00	97.65	98.02	24,641.49	26,018.42
Consolidation adjustments/ eliminations (B) [2]									(1,980.16)	(1,980.15)
Total (A-B)									22,661.33	24,038.27
Share in total comprehensive income										
- As a % of total comprehensive income	65.17%	100.10%	0.05%	-0.35%	34.71%	0.22%	0.06%	0.03%	99.99%	100.00%
- ₹ in lakhs (C)	(364.90)	3,837.17	(0.30)	(13.50)	(194.31)	8.54	(0.36)	1.16	(559.87)	3,833.37
Consolidation adjustments/ eliminations (D) [2]									(0.02)	(0.01)
Total (C-D)									(559.89)	3,833.36

[1] The figures have been considered from the respective standalone financial statements and the consolidated net asset figure has been arrived after consolidation adjustments/eliminations.

[2] Consolidation adjustments/eliminations include intercompany eliminations and consolidation adjustments.

The financial statements of all the subsidaries have been drawn upto the same reporting date as of the Company i.e. March 31, 2020.

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

3 (a). Property, plant and equipment and Capital work-in-progress

Particulars	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Electrical equipments	Office equipments	Furniture and fixtures	Computers	Vehicles	Total	Capital work-in-progress	Total
Gross carrying value [1]												
At April 1, 2018	954.01	2,045.16	339.83	8,338.00	275.85	184.70	309.75	284.66	70.80	12,802.76	7.00	7.00
Additions	37.01	45.24	439.66	2,810.26	110.33	81.01	66.56	88.16	8.67	3,686.90	137.76	137.76
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-
Classified as held for sale [2]	(256.24)	(480.85)	-	-	-	-	-	-	-	(737.09)	-	-
Disposals	-	-	-	(219.78)	(0.06)	-	-	-	(5.21)	(225.05)	-	-
At March 31, 2019	**734.78**	**1,609.55**	**779.49**	**10,928.48**	**386.12**	**265.71**	**376.31**	**372.82**	**74.26**	**15,527.52**	**144.76**	**144.76**
Additions	-	34.02	664.88	3,486.09	164.98	99.01	45.80	91.04	-	4,585.82	78.98	78.98
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	(144.76)	(144.76)
Disposals	-	-	-	(126.60)	-	-	-	(1.39)	-	(127.99)	-	-
At March 31, 2020	**734.78**	**1,643.57**	**1,444.37**	**14,287.97**	**551.10**	**364.72**	**422.11**	**462.47**	**74.26**	**19,985.35**	**78.98**	**78.98**
Depreciation												
At April 1, 2018	**-**	**359.21**	**102.93**	**2,429.52**	**68.21**	**87.05**	**114.28**	**186.16**	**18.10**	**3,365.46**	**-**	**-**
Charge for the year	-	157.63	138.44	1,317.34	42.96	50.94	37.91	66.41	12.99	1,824.62	-	-
Classified as held for sale [2]	-	(141.87)	-	-	-	-	-	-	-	(141.87)	-	-
Disposals	-	-	-	(71.75)	-	-	-	-	(2.86)	(74.61)	-	-
At March 31, 2019	**-**	**374.97**	**241.37**	**3,675.11**	**111.17**	**137.99**	**152.19**	**252.57**	**28.23**	**4,973.60**	**-**	**-**
Charge for the year	-	254.30	279.85	1,540.89	62.85	78.17	40.43	90.25	9.03	2,355.77	-	-
Disposals	-	-	-	(56.03)	-	-	-	(1.17)	-	(57.20)	-	-
At March 31, 2020	**-**	**629.27**	**521.22**	**5,159.97**	**174.02**	**216.16**	**192.62**	**341.65**	**37.26**	**7,272.17**	**-**	**-**
Net book value												
At March 31, 2020	**734.78**	**1,014.30**	**923.15**	**9,128.00**	**377.08**	**148.56**	**229.49**	**120.82**	**37.00**	**12,713.18**	**78.98**	**78.98**
At March 31, 2019	**734.78**	**1,234.58**	**538.12**	**7,253.37**	**274.95**	**127.72**	**224.12**	**120.25**	**46.03**	**10,553.92**	**144.76**	**144.76**

[1] The Group has availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment and capital work-in-progress as at April 1, 2016 under the previous GAAP has been carried forward as the deemed costs under Ind AS.

[2] Pursuant to the approval of Board of Directors, during the year ended March 31, 2019, the Group initiated identification and evaluation of potential buyers for one of its land and building. Accordingly these assets have been classified as 'held for sale'. During the year end March 31, 2020, the Group has entered into an agreement to sell the aforementioned land and building for values higher than the carrying value.

Refer note 16(10) for information on property, plant and equipment pledged as security by the Company.

Capital work-in-progress mainly comprises of leasehold improvements under construction.

All amounts in Indian ₹ in lakhs, except stated otherwise

3 (b) Right-of-use assets

	Buildings	Total
Right-of-use assets		
At April 1, 2019	6,498.80	6,498.80
Additions	790.90	790.90
At March 31, 2020	**7,289.70**	**7,289.70**
Amortisation		
At April 1, 2019	-	-
Additions	2,981.64	2,981.64
At March 31, 2020	**2,981.64**	**2,981.64**
Net Book value		
At March 31, 2020	**4,308.06**	**4,308.06**

Refer Note 33(I) for details on Right-of-use assets.

4 Other intangible assets

	Computer Software	Total
Gross carrying value[1]		
At April 1, 2018	226.88	226.88
Additions	156.72	156.72
At March 31, 2019	**383.60**	**383.60**
Additions	179.88	179.88
At March 31, 2020	**563.48**	**563.48**
Amortisation and impairment		
At April 1, 2018	101.17	101.17
Amortisation for the year	97.74	97.74
At March 31, 2019	**198.91**	**198.91**
Amortisation for the year	144.51	144.51
At March 31, 2020	**343.42**	**343.42**
Net book value		
At March 31, 2020	**220.06**	**220.06**
At March 31, 2019	**184.69**	**184.69**

[1] The Company has availed the exemption available under Ind AS 101, wherein the carrying value of intangible assets as at April 1, 2016 under the previous GAAP has been carried forward as the deemed costs under Ind AS.

5 (a) Non Current Investments

	March 31, 2020	March 31, 2019
Investments carried at amortised cost		
(i) Investment in unquoted Government securities		
Investment in National Savings Certificates and Indira Vikas Patra	0.29	0.29
Total investment in unquoted government securities	**0.29**	**0.29**
Investments carried at cost		
(ii) Unquoted equity shares in a body corporate		
Yepme UK Limited (refer note 44)	626.56	626.56
[22,577 (March 31, 2019: 22,577) 0.1% preference shares of GBP 1 each fully paid up]		
Less: Investments classified as held for sale	-	(626.56)
Less: Provision for diminution in value of investment (Refer note 1 below)	(626.56)	-
Total investment in unquoted equity shares in a body corporates	**-**	**-**
Total (i+ii)	**0.29**	**0.29**

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

5 (a) Non Current Investments (contd.)

Note 1:

	Mar 31, 2020	March 31, 2019
Investments classified as held for sale	626.56	626.56
Less: Provision for diminution in value of investment (refer note 44)	(626.56)	(626.56)
	-	-

	Mar 31, 2020	March 31, 2019
Aggregate amount of unquoted investments	0.29	0.29
Aggregate amount of impairment in value of investments	626.56	626.56
Investments classified as held for sale (net) - Refer note 1 above	-	-

5 (b) Current Investments

	Mar 31, 2020	March 31, 2019
(i) Investment in liquid mutual fund units		
Quoted		
621,513 (March 31, 2019: Nil) units ICICI Pru Liquid Direct-G	1,825.89	-
44,170 (March 31, 2019: Nil) units HDFC Liquid Direct-G	1,725.56	-
Total Investment in mutual fund units	**3,551.45**	**-**
Aggregate amount of quoted investments	3,551.45	-

6 Financial assets - Loans

	March 31, 2020	March 31, 2019
Non-current		
Unsecured, considered good		
Security and other deposits	3,472.76	2,306.59
Total Financial assets - Loans	**3,472.76**	**2,306.59**

7 Financial assets - Other financial assets

		March 31, 2020	March 31, 2019
Carried at amortised cost			
Unsecured, considered good			
(a) Non-current			
Bank balance		13,899.84	13,237.92
Loans to employees		7.74	8.65
Total other financial assets - non current	(A)	**13,907.58**	**13,246.57**
(b) Current			
Derivative instruments at fair value through OCI			
Cash flow hedges - foreign exchange forward contracts (refer note 34)		-	1,457.86
Other financial assets at amortised cost			
Interest accrued on bank deposits		636.67	629.60
Loans to employees		34.98	34.55
Total other financial assets - current	(B)	**671.65**	**2,122.01**
Total other financial assets	(A+B)	**14,579.23**	**15,368.58**

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

8 (a) Deferred tax assets

	Mar 31, 2020	March 31, 2019
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes in subsequent years on payment basis	74.19	-
Total Deferred tax assets	**74.19**	**-**

8 (b) Non current tax assets (net)

	Mar 31, 2020	March 31, 2019
Advance tax (including tax paid under protest)	1,206.28	1,315.78
Total non-current tax assets (net)	**1,206.28**	**1,315.78**

9 Other current / non-current assets

		March 31, 2020	March 31, 2019
Non current			
Unsecured, considered good			
Capital advances		192.25	123.96
Prepaid expenses		11.76	304.60
	(A)	**204.01**	**428.56**
Unsecured, considered doubtful			
Advance to suppliers		272.63	272.63
Export incentives receivable		30.00	30.00
Less: Provision for doubtful advances and receivables		(302.63)	(302.63)
	(B)	**-**	**-**
Total non-current assets	**(A+B)**	**204.01**	**428.56**
Current			
Unsecured, considered good			
Prepaid expenses		519.27	735.44
Balances with statutory / government authorities		1,145.26	1,958.87
Advance to suppliers		2,018.67	1,604.13
Export Incentives receivable		3,873.80	2,178.61
Total current assets	**(C)**	**7,557.00**	**6,477.05**
Total current / non-current assets	**(A+B+C)**	**7,761.01**	**6,905.61**

10 Inventories

	March 31, 2020	March 31, 2019
Raw materials (including packing materials) and components	8,321.11	6,214.70
(includes goods in transit ₹199.16 lakhs (March 31, 2019 : ₹199.16 lakhs)) (refer note 22)		
Work-in-progress (refer note 23)	15,473.90	13,246.64
Finished goods (readymade garments)	4,551.80	6,364.35
(includes goods in transit ₹770.66 lakhs (March 31, 2019: ₹1,937.87 lakhs) (refer note 23)		
Consumables, stores and spares parts	577.24	443.03
Total inventories*	**28,924.05**	**26,268.72**

* net of writedowns of inventories amounting to ₹3,412.24 Lakhs as at March 31, 2020 (as at March 31, 2019: ₹5,458.25 lakhs)

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

11 Financial assets - Trade receivables

		March 31, 2020	March 31, 2019
Trade receivables:			
From related parties		-	-
From others		14,353.04	16,170.02
Total		**14,353.04**	**16,170.02**
(A) Breakup of trade receivables			
Secured, considered good			
Unsecured, considered good		14,353.04	16,170.02
Trade Receivables which have significant increase in credit Risk		1,374.01	1,510.47
Trade Receivables - credit impaired		-	-
		15,727.05	**17,680.49**
(B) Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered good			
Trade Receivables which have significant increase in credit Risk		(1,374.01)	(1,510.47)
Trade Receivables - credit impaired		-	-
		(1,374.01)	**(1,510.47)**
Total Financial assets - Trade receivables	(A+B)	**14,353.04**	**16,170.02**

Notes:

i. The Group follows "simplified approach for recognition of impairment loss". The application of simplified approach does not require the Company to track changes in credit risk.

ii. No trade or other receivables are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any Director is a partner, a Director or a member.

iii. Trade receivables are non-interest bearing.

12 Financial assets - Cash and cash equivalents

	March 31, 2020	March 31, 2019
Current		
Financial assets - Cash and cash equivalents		
Balances with banks		
On current accounts [1,2,6]	1,218.51	1,104.24
Cash on hand [6]	10.77	14.51
Total Financial assets - Cash and cash equivalents (Current)	**1,229.28**	**1,118.75**
Non-current		
Financial assets - Bank balances other than cash and cash equivalents		
Bank deposits with remaining maturity for more than 12 months [3,4,5]	226.00	226.00
Bank deposits with original maturity of more than 3 months but less than/equal to 12 months [3,4,5]	13,673.84	13,011.92
	13,899.84	13,237.92
Amount disclosed under other financial assets (refer note 7)	(13,899.84)	(13,237.92)
Total Financial assets - Cash and cash equivalents (Non current)	**-**	**-**

Note:

1 Balances with bank on current accounts does not earn interest.

2 includes balances in Exchange Earner's Foreign Currency Accounts.

3 A charge has been created over the deposits of ₹3,089.21 lakhs (March 31, 2019: ₹3,083.34 lakhs) for loans against deposits availed by the Company (refer note 16)

4 A charge has been created over the deposits of ₹10,190.86 lakhs (March 31, 2019: ₹9,564.22 lakhs) as collateral towards borrowing facility availed by the Company (refer note 16)

12 Financial assets - Cash and cash equivalents (contd.)

5 A charge has been created over the deposits of ₹619.77 lakhs (March 31, 2019: ₹590.36 lakhs) as collateral towards bank guarantee facility availed by the Company (refer note 33)

6 For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise the following:

	March 31, 2020	March 31, 2019
Balances with banks		
On current accounts	1,218.51	1,104.24
Cash on hand	10.77	14.51
	1,229.28	1,118.75
Less : Bank overdraft * (refer note 16)	(2,175.32)	(3,598.24)
Net debt	**(946.04)**	**(2,479.49)**

Net debt reconciliation:

	Cash & Cash equivalents	Bank overdraft	Total
Net debt as at April 01, 2018	**1,714.43**	**(3,620.41)**	**(1,905.98)**
Cash flows	(595.68)	368.27	(227.41)
Interest charge	-	(346.10)	(346.10)
Net debt as at March 31, 2019	**1,118.75**	**(3,598.24)**	**(2,479.49)**
Cash flows	110.53	1,769.02	1,879.55
Interest charge	-	(346.10)	(346.10)
Net debt as at March 31, 2020	**1,229.28**	**(2,175.32)**	**(946.04)**

*Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn. Accordingly, the Company has considered only such bank overdrafts which fluctuates from being positive to overdrawn.

13 Equity share Capital

	Number of shares	Amount
Authorised share capital		
At April 1, 2018	55,000,000	2,750.00
Increase during the year	-	-
At March 31, 2019	**55,000,000**	**2,750.00**
Increase during the year	-	-
At March 31, 2020	**55,000,000**	**2,750.00**

(a) Issued equity capital

	Number of shares	Amount
Equity shares of ₹5 each issued, subscribed and fully paid		
At April 1, 2018	34,952,829	1,747.64
Add: Equity shares issued during the year (refer note 45)	7,708,000	385.40
Add: ESOP's issued during the year (refer note 13(d))	154,834	7.74
At March 31, 2019	42,815,663	2,140.78
Add: ESOP's issued during the year (refer note 13(d))	10,000	0.50
At March 31, 2020	**42,825,663**	**2,141.28**

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

13 Equity share Capital (contd.)

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of INR 5 per share. Each holder of equity is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the Company

	March 31, 2020	March 31, 2019
Clear Wealth Consultancy Services LLP:		
Number of shares	13,955,957	13,955,957
% holding in the class	32.59%	32.60%
Teesta Retail Private Limited:		
Number of shares	2,280,513	2,280,513
% holding in the class	5.33%	5.33%

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

(d) Shares reserved for issue under options

For details of shares reserved for issue under the Employee Stock Option (ESOP) plan and Restricted Stock Units (RSU) of the Company, please refer note 38

14 Other equity

		March 31, 2020	March 31, 2019
	Reserves and Surplus		
(A)	**Securities premium**		
	Balance at the beginning of the year	20,404.46	13,899.90
	Add: received during the year upon issue of equity shares	-	6,355.84
	Add: received during the year upon ESOP's exercised	2.72	80.49
	Add: transfer from share-based payments reserve	51.97	68.23
	Balance at the end of the year	**20,459.15**	**20,404.46**
	This reserve represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.		
(B)	**General reserve**		
	Balance at the end of the year	2,192.09	2,192.09
	The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another.		
(C)	**Capital Reserve on Amalgamation**		
	Balance at the end of the year	9,769.12	9,769.12
	Capital reserve represents reserve recognised on amalgamation being the difference between consideration amount and net assets of the transferor company.		
(D)	**Share-based payments reserve**		
	Balance at the beginning of the year	479.87	263.05
	Add: addition during the year	703.91	285.05
	Less: transfer to securities premium reserve	(51.97)	(68.23)
	Balance at the end of the year	**1,131.81**	**479.87**

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

14 Other equity (contd.)

		March 31, 2020	March 31, 2019
	Share based payment reserve is used to record the fair value of equity-settled, share-based payment transactions with employees. The amounts recorded in Share based payment reserve are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees.		
(E)	**Retained earnings**		
	Balance at the beginning of the year	(12,324.23)	(14,706.88)
	Change in accounting policy on adoption of Ind AS 116 (Refer note 33 (I))	(1,524.18)	-
	Restated balance	**(13,848.41)**	**(14,706.88)**
	Profit / (Loss) for the year	3,038.71	2,557.96
	Add: Remeasurement of post employment benefits obligations (net of deferred tax)	(196.65)	(175.31)
	Balance at the end of the year	**(11,006.35)**	**(12,324.23)**
	Retained earnings refer to net earnings not paid out as dividends, but retained by the Company to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.		
(F)	**Cash flow hedging reserve**		
	Balance at the beginning of the year	1,376.18	(74.53)
	Add: gain/(loss) for the year	(3,401.95)	1,450.71
	Balance at the end of the year	**(2,025.77)**	**1,376.18**
	When a derivative is designated as a cash flow hedging instrument, the effective portion of the change in fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurence of the related forecasted transaction. Also refer note 34.		
	Total other equity (A+B+C+D+E+F+G)	**20,520.05**	**21,897.49**

15 Provision for employee benefits

		March 31, 2020	March 31, 2019
(a) Non-current			
Gratuity (refer note 35)		455.30	412.32
Total Provision for employee benefits - non-current	(A)	**455.30**	**412.32**
(b) Current			
Gratuity (refer note 35)		2,137.00	1,705.70
Leave benefits		906.95	887.08
Total Provision for employee benefits - current	(B)	**3,043.95**	**2,592.78**

16 Financial liabilities - Borrowings

	March 31, 2020	March 31, 2019
Current borrowings		
Loans repayable on demand from banks (Secured)		
Indian rupee packing credit loan [1,2,3]	28,572.90	28,623.76
Indian rupee loan from bank [4]	322.78	497.63
Bill discounting from banks [5,6,7]	5,524.07	5,350.44
Bank overdraft [8]	2,175.32	3,598.24
Total Financial liabilities - Borrowings	**36,595.07**	**38,070.07**
Loans repayable on demand from banks (Unsecured)		
Indian rupee loan from bank [9]	2,500.00	-
Total current borrowings (Unsecured)	**2,500.00**	**-**
Total Financial liabilities - Borrowings	**39,095.07**	**38,070.07**

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

16 Financial liabilities - Borrowings (contd.)

	March 31, 2020	March 31, 2019
The above amount includes		
Secured borrowings	36,595.07	38,070.07
Unsecured borrowings	2,500.00	-

Notes:

[1] Indian rupee packing credit loan from a bank of ₹7,000 lakhs (March 31, 2019: ₹8,000 lakhs) carries interest @ one year MCLR + 0.60% (March 31, 2019: one year MCLR + 0.60%) and interest is payable monthly. The loan is secured by first pari passu charge on current assets of the Company. Out of the above, ₹6,886.59 lakhs is outstanding as at March 31, 2020 (March 31, 2019: ₹7,624.67 lakhs). Also refer note 16 [10] and [11] below.

[2] Indian rupee packing credit loan from a bank of ₹21,000 lakhs (March 31, 2019: ₹21,000 lakhs) carries interest @ Marginal cost of funds based lending rate ('MCLR') plus applicable spread of 0.75% p.a (March 31, 2019: MCLR plus applicable spread of 0.75% p.a) and interest is payable monthly. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹20,201.55 lakhs is outstanding as at March 31, 2020 (March 31, 2019:₹20,999.09 lakhs). Also refer note 16 [10] and [11] below.

[3] Indian rupee packing credit loan from a bank of ₹2,000 lakhs (March 31, 2019: ₹ Nil) carries interest @Marginal cost of funds based lending rate ('MCLR') (March 31, 2019: Nil) and interest is payable monthly. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹1,484.76 lakhs is outstanding as at March 31, 2020 (March 31, 2019:₹ Nil). Also refer note 16 [10] and [11] below.

[4] Indian rupee loan from a bank of ₹2,700 lakhs (March 31, 2019: ₹2,700 lakhs) carries interest @pledged fixed deposit interest rate plus applicable spread of 1% p.a. (March 31, 2019:pledged fixed deposit interest rate plus applicable spread of 1 % p.a) and interest is payable monthly. The loan is secured by pledge of fixed deposits. Out of the above, ₹322.78 lakhs is outstanding as at March 31, 2020 (March 31, 2019:₹497.63 lakhs). Also refer note 16 [10] and [11] below.

[5] Bill discounting from a bank of ₹3,000 lakhs (March 31, 2019: ₹2,000 lakhs) carries interest @LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and @ one year MCLR plus 0.60% for Indian Rupee bills discounting (March 31, 2019: LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and @ one year MCLR plus 0.60% for Indian Rupee bills discounting) and interest is payable on transaction basis. The loan is secured by first pari passu charge on current assets of the Company. Out of the above, ₹1,086.75 lakhs is outstanding as at March 31, 2020 (March 31, 2019: ₹855.76 lakhs). Also refer note 16 [10] and [11] below.

[6] Bill discounting from a bank of ₹10,850 lakhs carries interest @6 months LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and MCLR plus applicable spread of 0.75% p.a. for Indian Rupee bills discounting (March 31, 2019:@6 months LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and MCLR plus applicable spread of 0.75% p.a. for Indian Rupee bills discounting) and interest is payable on transaction basis. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹4,009.35 lakhs is outstanding as at March 31, 2020 (March 31, 2019: ₹4,494.68 lakhs). Also refer note 16 [10] and [11] below.

[7] Bill discounting from a bank of ₹500 lakhs carries interest @Marginal cost of funds based lending rate ('MCLR') for Indian Rupee bills discounting (March 31, 2019: Nil) and interest is payable on transaction basis. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹427.97 lakhs is outstanding as at March 31, 2020 (March 31, 2019: ₹ Nil). Also refer note 16 [10] and [11] below.

16 Financial liabilities - Borrowings (contd.)

[8] Bank overdraft from banks carries interest @one year MCLR plus applicable spreads of 4.50% p.a. (March 31, 2019:@one year MCLR plus applicable spreads of 4.50%) and interest is payable on monthly basis. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/ goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company for a bank and first pari passu charge on current assets of the Company. Out of the above, ₹2,175.32 lakhs is outstanding as at March 31, 2020 (March 31, 2019:₹3,598.24 lakhs). Also refer note 16 [10] and [11] below.

[9] Indian rupee loan from a bank of ₹2,500 lakhs (March 31, 2019:₹Nil) carries interest @ MCLR plus applicable spread of 0.20% (March 31, 2019: Nil) and interest is payable monthly. The loan is unsecured. Out of the above, ₹2,500 lakhs is outstanding as at March 31, 2020 (March 31, 2019:₹ Nil)

[10] The Group has further provided the following as the collateral to the consortium lenders towards the borrowings availed by the Group and as mentioned in the aforesaid note 16.

a) Pari passu charge on certain factory land and building located in Bangalore and Mysore owned by the Group,

b) Pari passu charge on plant and machinery and certain movable assets of the Company

c) Pari passu charge on certain fixed deposits made by the Company

[11] The Group has availed the interest subvention @3% during the years ended March 31, 2020 and March 31, 2019 under Interest Equalisation Scheme for pre and post shipment rupee export credit of Reserve Bank of India.

[12] The Reserve Bank of India has announced certain regulatory measures to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. Accordingly, as per the said guidelines, the company has availed three months moratorium of the working capital interest on the balance outstanding as on March 01, 2020. However, the Company has accrued the interest on the outstanding balances.

17 Financial liabilities - Trade payables

	March 31, 2020	March 31, 2019
Current		
Total outstanding dues of micro, small and medium enterprises (Refer note 37)	24.39	18.62
Total outstanding dues of creditors other than micro, small and medium enterprises	11,404.59	8,553.82
Total Financial liabilities - Trade payables	**11,428.98**	**8,572.44**

Terms and conditions of the above financial liabilities:

- Trade payables are non interest bearing.
- For explanations on the Company's credit risk management processes, refer note 39.

18 Financial liabilities - Other current financial liabilities

	March 31, 2020	March 31, 2019
Financial liabilities at fair value through OCI		
Cash flow hedges - foreign exchange forward contracts (refer note 34)	2,308.54	-
Other financial liabilities at amortised cost		
Interest accrued and not due on loans	162.45	33.99
Employee related payables (refer note 36)	5,708.82	4,888.22
Liability for capital assets	1,532.02	1,108.95
Total financial liabilities - other current financial liabilities	**9,711.83**	**6,031.16**

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

19 Other current liabilities

	March 31, 2020	March 31, 2019
Advance from customers	188.96	169.54
Statutory liabilities payables	819.97	726.35
Total Other current liabilities	**1,008.93**	**895.89**

20 Revenue from operations

	March 31, 2020	March 31, 2019
(a) Sale of finished goods		
Exports	103,212.67	90,787.79
Domestic	24,973.08	17,596.06
	128,185.75	**108,383.85**
(b) Other operating revenues		
Sale of accessories, fabrics, etc	1,631.56	969.35
Job work income	336.43	1,280.99
Export incentives	6,115.91	6,566.56
Scrap sales and others	254.83	251.16
	8,338.73	**9,068.06**
Total Revenue from operations	**136,524.48**	**117,451.91**

21 Other income

	March 31, 2020	March 31, 2019
Interest income on:		
Bank deposits	935.47	908.43
Security deposits	235.86	134.15
Income tax refunds	36.66	226.20
Others	1.19	0.66
Other non-operating income :		
Gain on account of foreign exchange fluctuations (net)	1,292.81	-
Freight recovered from customers	-	-
Net gain on disposal of property, plant and equipment	43.47	59.27
Gain on sale of investments in mutual fund units	131.67	173.18
Fair value gain on Investment in mutual funds	36.57	-
Government grants *	570.37	300.18
Provisions no longer required, written back	5.17	173.10
Miscellaneous income	201.71	192.54
Total Other income	**3,490.95**	**2,167.71**

* Government grants in the form of import duty savings have been received upon import of certain property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31, 2020 and March 31, 2019.

22 Cost of raw materials and components consumed

	March 31, 2020	March 31, 2019
Inventory at the beginning of the year	6,214.70	4,592.99
Add: Purchases	71,716.16	60,675.20
	77,930.86	65,268.19
Less: inventory at the end of the year	(8,321.11)	(6,214.70)
Total cost of raw materials and components consumed	**69,609.75**	**59,053.49**

All amounts in Indian ₹ in lakhs, except stated otherwise

23 Changes in inventories of finished goods and work-in-progress

	March 31, 2020	March 31, 2019
Inventories at the beginning of the year		
Work-in-progress	13,246.64	8,468.90
Finished goods (Readymade garments)	6,364.35	4,414.48
	19,610.99	12,883.38
Inventories at the end of the year		
Work-in-progress	15,473.90	13,246.64
Finished goods (Readymade garments)	4,551.80	6,364.35
	20,025.70	19,610.99
Total changes in inventories of finished goods and work-in-progress	**(414.71)**	**(6,727.61)**

24 Employee benefits expense

	March 31, 2020	March 31, 2019
Salaries and wages (Refer note 36)	39,730.11	33,867.80
Contribution to provident and other funds	4,273.85	3,602.24
Share based payment expenses (Refer note 36 and 38)	703.91	285.06
Gratuity expense (net) (Refer note 35)	734.91	654.92
Staff welfare expense	1,299.66	1,085.50
Total employee benefit expenses	**46,742.44**	**39,495.52**

25 Finance costs

	March 31, 2020	March 31, 2019
Interest charge		
on Indian rupee packing credit loan / Indian rupee loan from bank	2,081.66	2,232.20
on bill discounting and others	446.25	497.16
on lease liabilities	693.66	-
Bank charges and other borrowing costs	460.90	561.58
Total finance costs	**3,682.47**	**3,290.94**

26 Depreciation and amortization expense

	March 31, 2020	March 31, 2019
Depreciation of property, plant and equipment (Refer note 3)	2,355.77	1,824.62
Amortisation of other intangible assets (Refer note 4)	144.51	97.74
Amortisation on right-of-use assets (Refer note 3(b) and 33(I))	2,981.64	-
Total depreciation and amortisation expense	**5,481.92**	**1,922.36**

27 Other expenses

	March 31, 2020	March 31, 2019
Consumption of consumables, stores and spares	966.71	973.40
Power and fuel	2,358.76	2,413.32
Other manufacturing expenses	261.86	189.63
Rent (Refer note 33(I))	435.95	4,130.84
Rates and taxes	263.51	173.15
Insurance	427.93	409.66
Repairs and maintenance		
Plant and machinery	608.14	516.35
Buildings	136.96	103.06
Others	529.08	643.72
Legal and professional fees	979.37	910.55
Printing and stationery	403.18	392.68
Communication costs	149.04	190.61
Travelling and conveyance	632.32	469.56

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

27 Other expenses (contd.)

	March 31, 2020	March 31, 2019
Payment to auditors*	31.35	36.67
Sitting fees	52.00	81.60
Freight and forwarding expenses	1,900.37	2,259.60
Provision for doubtful deposits and advances	-	30.00
Irrecoverable balances written off	-	565.93
Provision for doubtful debts**	514.01	327.73
Exchange differences loss (net)	-	1,565.53
Miscellaneous expenses ***	2,154.38	1,516.99
Total other expenses	**12,804.92**	**17,900.58**

** Net of ₹591.50 adjusted against opening provision

*** Includes contributions amounting ₹200 Lakhs (March 31, 2019: ₹ Nil) made under section 182 of the Companies Act, 2013

*** Payment to auditors (exclusive of GST)**

	March 31, 2020	March 31, 2019
Audit fees (including fees for consolidated financial statements and quaterly limited reviews)	30.00	35.00
Out of pocket expenses	1.35	1.67
Total payment to auditors (exclusive of GST)	**31.35**	**36.67**

28 Exceptional items

	March 31, 2020	March 31, 2019
Provision for diminution in value of investment (Refer note 44)	-	626.56
Provision For Export Incentives Receivables (refer note 50)	(610.84)	-
Net gain on disposal of land and building (refer note 51)	2,604.78	-
Total exceptional items	**1,993.94**	**626.56**

29 Income tax

The Company and its domestic subsidiaries are subject to income tax in India on the basis of their standalone financial statements. As per the Income Tax Act, these entities are liable to pay income tax which is the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT).

MAT paid in excess of regular income tax during a year can be carried forward for a period of 15 years and can be offset against future tax liabilities.

Income tax expenses in the consolidated statement of profit and loss consist of the following:

	March 31, 2020	March 31, 2019
(a) Adjustment of tax relating to earlier periods	-	(50.05)
(b) Current tax	74.19	-
(c) Deferred tax	(74.19)	-
Total taxes	**-**	**(50.05)**

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

	March 31, 2020	March 31, 2019
Profit/(Loss) after exceptional items and before tax	3,038.71	2,507.91
Applicable tax rates in India	34.944%	34.944%
Computed tax charge	1,061.85	876.36
Tax effect on permanent non deductible expenses		

29 Income tax (contd.)

	March 31, 2020	March 31, 2019
(i) Tax effect of expenses which are disallowed in calculating taxable income:		
Taxable losses	-	-
Employee related expenses	173.33	94.98
Depreciation expense	253.98	160.04
Provision for diminution in value of investment	-	218.95
Others	(1,212.03)	34.70
(ii) Amount of current tax not payable on account of brought forward losses:	(202.94)	(1,385.03)
Total current tax expenses	**74.19**	**-**

The Group has tax losses which arose in India of ₹16,518.39 lakhs (March 31, 2019:₹17,099.16 lakhs) that are available for offsetting over the period of eight years against future taxable profits of the companies in which the losses arose. Majority of these losses will expire by March 2022.

The Company has unabsorbed depreciation of ₹6,578.55 lakhs (March 31, 2019: ₹6,578.55 lakhs) that are available for offsetting for indefinite period.

Deferred tax assets have not been recognised in respect of these losses as the Group has been loss-making for some time.

30 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. 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 is adjusted for events such as bonus issue, bonus element in a rights issue, share spilt and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following table reflects the data used in the basic and diluted EPS computations:

	March 31, 2020	March 31, 2019
Face value of equity shares (₹ per share)	5.00	5.00
Profit / (Loss) attributable to equity holders of the Group	3,038.71	2,557.96
Weighted average number of equity shares used for computing earning per share (basic)	42,820,197	42,071,938
Weighted average number of equity shares used for computing earning per share (diluted)	45,533,704	43,236,986
EPS - basic (₹)	7.10	6.08
EPS - diluted (₹)	6.67	5.92

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

31 Significant accounting estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

Significant judgements and estimates relating to the carrying values of assets and liabilities include provision for obsolete inventory, impairment of investments, impairment of non current assets, provision for employee benefits and other provisions, fair value measurement of financial assets and liabilities, commitments and contingencies.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

a. **Impairment of non-current asset including investments**

Determining whether investment are impaired requires an estimation of the value in use of the individual investment or the relevant cash generating units ('CGU'). The value in use calculation is based on DCF model over the estimated useful life of the CGU's. Further, the cash flow projections are based on estimates and assumptions relating to sale price/customer orders on hand, efficiency in opertaions, etc.

b. **Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 39 for further disclosures.

c. **Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

In respect of bank guarantees provided by the Group to third parties, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided. Refer note 33 for further disclosure.

d. **Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

31 Significant accounting estimates and assumptions (contd.)

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 35.

e. Provision for obsolete inventory

Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. These write downs are recognised as an expense and are included in "Changes in inventories of finished goods and work-in-progress" in the statement of profit and loss. Also refer note 10.

f. Expected credit losses on financial assets

The impairment provisions of financial assets and contract assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period.

g. Non current assets held for sale

Non current assets held for sale are measured at the lower of carrying amount or fair value less costs to sell. Determination of fair value involves management estimate. Fair value of assets held for sale is determined using valuation technique involving unobservable inputs. Judgement is involved in estimating future cash flow, determining discount rate etc.

h. Employee share based payments

Company's share based payments to employees primarily consist of Employee Stock Option Plans ('ESOPs') and Restricted Stock Units ('RSUs'). The share-based compensation expense is determined based on the Company's estimate of fair value at grant date of the ESOPs/ RSUs granted. The Company estimates fair value of ESOPs/ RSUs using Black-Scholes-Merton ('BSM') option pricing model. The BSM model is based on various assumptions including expected volatility, expected life, interest rate.

32 Segment information- Disclosure pursuant to Ind AS 108 'Operating Segment'

(a) Basis of identifying operating segments:

Operating segments are identified as those components of the Group (a) that engage in business activities to earn revenues and incur expenses; (b) whose operating results are regularly reviewed by the Group's Chief Executive Officer to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably.

(b) The Group is engaged in a single business segment of sale of garment and hence no additional disclosures are required.

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

32 Segment information- Disclosure pursuant to Ind AS 108 'Operating Segment' (contd.)

(c) Geographic information

The Group mainly operates in two geographical areas of the world, i.e., India and Rest of World, the details of which are as below:

	Segment revenue**		Non current assets***	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
India	32,545.98	26,212.11	17,524.29	11,311.93
Rest of world	103,978.50	91,239.80	-	-
Total	**136,524.48**	**117,451.91**	**17,524.29**	**11,311.93**

The revenue information above is based on the locations of the customers.

Revenue from three (March 31, 2019: Three) customer amounted to ₹73,630.93 lakhs (March 31, 2019: ₹70,123.31 lakhs), arising from sales of readymade garments.

**Revenues by geographical area are based on the geographical location of the client.

***Non-current assets excludes non current financial assets and non current tax assets.

33 Commitments and contingencies

I. Leases

The Group has adopted Ind AS 116 retrospectively from 1 April 2019, but has not restated comparatives for the year ended 31 March 2019, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 April 2019. The new accounting policies are disclosed in 2.3 (j).

On adoption of Ind AS 116, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of Ind AS 17, Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 11%.

In the financial statements, the nature of expense for leasing arrangements has changed from lease rent in prior years to amortization on the Right of use assets and finance cost on the corresponding lease liabilties.

Practical expedients applied

In applying Ind AS 116 for the first time, the Group has used the following practical expedients permitted by the standard:

a) applying a single discount rate to a portfolio of leases with reasonably similar characteristics

b) relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review there were no onerous contracts as at 1 April 2019

c) accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short term leases

d) excluding the initial direct costs for the measurement of the right of use asset at the date of initial application, and

e) using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying Ind AS 17 and Appendix C to Ind AS 17, determining whether an arrangement contains a lease.

33 Commitments and contingencies (contd.)

The movement in lease liabilities during the year ended March 31, 2020 is as follows:

	Amount (₹)
Balance as at 1 April 2019	7,412.73
Additions	820.49
Finance cost accrued during the period	693.66
Payment of lease liabilities	(3,860.41)
Balance as at 31 March 2020	**5,066.47**

The break-up of current and non-current lease liabilities as at March 31, 2020 is as follows

	March 31, 2020
Current lease liabilities	2,120.45
Non-current lease liabilities	2,946.02
Total	**5,066.47**

The details of the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis are as follows:

	March 31, 2020
Less than one year	2,502.73
One to five years	3,547.12
More than five years	648.61
Total	**6,698.46**

The Group does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

Rental expense recorded for short-term leases is ₹435.95 Lakhs for the year ended March 31, 2020.

II. Contingencies

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Group believes that none of the contingencies described below would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

	March 31, 2020	March 31, 2019
(a) Performance Bank Guarantees		
Sanctioned	500.00	1,300.00
Outstanding	138.92	1,182.24
(b) Outstanding letters of credit		
Sanctioned	4,822.00	4,022.00
Outstanding	2,398.00	2,293.10
(c) Litigations		
(i) Matters relating to direct taxes under dispute *	838.37	278.43
(ii) Matters relating to other taxes under dispute	132.15	132.15

* Certain demands from income tax authorities have been set off against the brought forward business loss and unabsorbed depreciation of previous years and accordingly amount disclosed as contingent liabilities represent the demands after setting off such brought forward loss and depreciation.

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

33 Commitments and contingencies (contd.)

(i) The aforementioned demand amounts under dispute are as per the demands from various authorities for the respective periods and have not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.

(ii) The Group is also involved in various other litigations and claims other than as tabulated above, the impact of which is not quantifiable. These cases are pending with various courts/forums and are scheduled for hearings. After considering the circumstances and legal evaluation thereon, the Group's management believes that these cases are not tenable/material and accordingly have not made any further adjustments, other than amount already provided in the consolidated financial statements.

III. Capital and other commitments

	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	185.33	272.79
Commitments relating to forward contract- hedge of highly probable forecast sales	55,944.37	42,357.55

Refer note 33 (I) for lease commitments.

34 Hedging activities

Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in foreign currency. These forecast transactions are highly probable, and they comprise about 100% of the Group's total expected sales in foreign currency.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

The Group is holding the following foreign currency forward contracts to hedge the exposure on its highly probable sales over the next 12 months:

	Currency	Amount	Average Strike rate
March 31, 2020	USD	761.73	73.44
March 31, 2020	INR	55,944.37	
March 31, 2019	USD	584.5	72.47
March 31, 2019	INR	42,357.55	

Details relating to hedging instrument with respect to foreign currency risk arising from sales:

Financial year	March 31, 2020	March 31, 2019
Nominal amount of hedging instrument	55,944.37	42,357.55
Carrying amount of cash flow hedges- foreign exchange forward contracts:		
Assets	-	1,457.86
Liabilities	2,308.54	-
Line item in balance sheet where hedging instrument is disclosed	Refer Note 18	Refer Note 7
Changes in fair value for calculating hedge ineffectiveness	-	-

All amounts in Indian ₹ in lakhs, except stated otherwise

34 Hedging activities (contd.)

Details relating to hedged item with respect to foreign currency risk arising from sales:

Financial year	March 31, 2020	March 31, 2019
Change in value used for calculating hedge ineffectiveness	-	-
Balance in cash flow hedge reserve		
For continuing hedges	(2,025.77)	1,376.18
For hedges no longer applied	-	-
Total balance	**(2,025.77)**	**1,376.18**

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The cash flow hedges of the expected future sales during the year ended March 31, 2020 and March 31, 2019 were assessed to be highly effective and a net unrealised gain/loss relating to hedging instrument is included in OCI. The amounts retained in OCI at March 31, 2020 are expected to mature and affect the Consolidated Statement of Profit and Loss during the year ended March 31, 2021.

Details relating to impact of cash flow hedge with respect to foreign currency risk arising from sales in statement of profit and loss for the year ended as on :

Cash flow hedge reserve	March 31, 2020	March 31, 2019
Opening balance	1,376.18	(74.53)
Movement in OCI :		
Gain/(loss) recognised in OCI during the year	(2,692.39)	47.43
Less: amount reclassified to consolidated statement of profit and loss as hedged item has affected profit or loss	(709.56)	1,403.28
Less: amount reclassified to consolidated statement of profit and loss for which future cash flows are no longer expected to occur	-	-
Net (gain)/loss recognised in OCI for the year	(3,401.95)	1,450.71
Less: amount recognised in the consolidated statement of profit and loss on account of hedge ineffectiveness	-	-
Closing balance	**(2,025.77)**	**1,376.18**

The Group offsets a financial asset and financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

35 Gratuity and other post-employment benefit plans

The Group has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Payment of Gratuity Act, 1972, every employee who has completed four years and 240 days or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expenses recognised in the consolidated statement of profit or loss and the funded status and amounts recognised in the consolidated balance sheet for gratuity benefit.

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

35 Gratuity and other post-employment benefit plans (contd.)

(a) Net benefit expenses (recognised in the consolidated statement of profit and loss)

Particulars	March 31, 2020	March 31, 2019
Current service cost	618.38	559.35
Net interest cost on defined benefit obligations / (assets)	116.53	95.56
Net benefit expenses	734.91	654.92

(b) Remeasurement (gain)/loss recognised in other comprehensive income:

Particulars	March 31, 2020	March 31, 2019
Actuarial (gain)/ loss on obligations arising from changes in demographic assumption	(13.44)	265.09
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	103.53	(185.23)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	105.79	19.01
Actuarial (gain)/loss arising during the year	195.89	98.87
Return on plan assets (greater)/less than discount rate	0.76	76.44
Actuarial (gain)/ loss recognised in other comprehensive income	196.65	175.31

(c) Net defined benefit asset / (liability)

Particulars	March 31, 2020	March 31, 2019
Defined benefit obligation	2,616.30	2,161.40
Fair value of plan assets	(24.00)	(43.38)
Plan liability/ (asset)	**2,592.30**	**2,118.02**

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

Particulars	March 31, 2020	March 31, 2019
Opening defined benefit obligation	2,161.40	2,023.96
Current service cost	618.38	559.35
Interest cost on the defined benefit obligation	118.57	123.38
Benefits paid	(477.93)	(644.17)
Actuarial (gain)/ loss on obligations arising from changes in demographic assumption	(13.44)	265.09
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	103.53	(185.23)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	105.79	19.01
Closing defined benefit obligation	**2,616.30**	**2,161.40**

(e) Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
Opening fair value of plan assets	43.38	675.34
Interest income on plan assets	2.04	27.82
Contributions by employer	457.29	60.83
Benefits paid	(477.93)	(644.17)
Return on plan assets (lesser)/greater than discount rate	(0.78)	(76.44)
Closing fair value of plan assets	**24.00**	**43.38**

The Group expects to contribute ₹2,137.00 lakhs (March 31, 2018: ₹1,705.70 lakhs) towards gratuity fund.

All amounts in Indian ₹ in lakhs, except stated otherwise

35 Gratuity and other post-employment benefit plans (contd.)

(f) The following benefit payments (undiscounted) are expected in future years:

Particulars	March 31, 2020
March 31, 2021	524.80
March 31, 2022	395.29
March 31, 2023	297.62
March 31, 2024	230.87
March 31, 2025	193.45
March 31, 2026 to March 31, 2030	1,895.56

(g) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2020	March 31, 2019
Investments with insurer	100%	100%

(h) The principal assumptions used in determining gratuity for the Group's plan is as shown below:

Particulars	March 31, 2020	March 31, 2019
Discount rate (in %)	6.17%	7.25%
Salary escalation (in %)	5% to 8%	5% to 8%
Employee turnover (in %)	40.00%	40.00%
Retirement age (yrs)	60	60
Mortality rate	Refer note 4 below	

Notes:

1. Plan assets are fully represented by balance with the Life Insurance Corporation of India.
2. The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Group's policy for plan asset management.
3. The estimates of future salary increase in compensation levels, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
4. As per Indian Assured Lives Mortality (2006-08) (modified) ultimate.
5. Refer note 15 for current and non current classification.

(i) A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	March 31, 2020	March 31, 2019
Discount rate		
Impact of defined benefit obligation due to 1% increase in discount rate	(106.91)	(101.16)
Impact of defined benefit obligation due to 1% decrease in discount rate	116.34	111.52
Salary escalation rate		
Impact of defined benefit obligation due to 1% increase in salary escalation rate	100.08	102.00
Impact of defined benefit obligation due to 1% decrease in salary escalation rate	(93.68)	(93.72)
Attrition rate		
Impact of defined benefit obligation due to 1% increase in attrition rate	(21.46)	(10.63)
Impact of defined benefit obligation due to 1% decrease in attrition rate	21.90	10.41

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

36 Related party transactions

a. Names of related parties and description of relationships:

Description of relationship	Name of related parties
Key management personnel and their relatives	Mr. Richard B Saldanha, (Chairman and Independent Director) Mr. Sivaramakrishnan Vilayur Ganapathi, Managing Director Mr. Mathew Cyriac (Non Executive Director) Mr. Arun K Thiagarajan (Independent Director) (resigned w.e.f July 29, 2019) Ms. Smita Aggarwal (Independent Director) (resigned w.e.f June 9, 2018) Mr. Jitendrakumar H.Mehta (Independent Director) (resigned w.e.f July 18, 2019) Ms. Anuradha Sharma (Independent Director) Mr. Palaniappan Chidambaram (Additional Director) (appointed w.e.f October 30, 2017) (resigned w.e.f November 12, 2018) Mr. Gautham Madhavan (Non Executive Director) (appointed w.e.f November 12, 2018) Mr. Prabhat Kumar Singh (Director) (appointed as additional director w.e.f November 12, 2018) (Regularised from additional director to director w.e.f January 03, 2019) Mr. Sathyamurthy A, (Chief Financial Officer) Ms. Ramya Kannan (Company Secretary) (resigned w.e.f January 14, 2019) Mr. Sameer Sudarshan R V, (Company Secretary) (appointed w.e.f April 24, 2019)

b. Summary of transactions during the year with the above related parties are as follows:

Particulars	March 31, 2020	March 31, 2019
i) Managerial remuneration to		
a) Key managerial personnel		
Sivaramakrishnan Vilayur Ganapathi [1]	388.76	221.60
Sathyamurthy A [2]	141.24	127.93
Prabhat Kumar Singh	65.00	38.27
Ramya Kannan	-	10.71
Sameer Sudarshan R V	13.34	-
	608.34	**398.51**
[1] Current year remuneration includes variable pay of ₹150 Lakhs pertaining to FY 2018-19 paid during the current year.		
[2] Remuneration includes variable pay of ₹30 Lakhs (March 31, 2019: ₹15 Lakhs) pertaining to the previous year paid during the current year.		
b) Sitting fees paid to directors (independent directors and non-executive directors)		
Richard B. Saldanha	12.00	15.20
Mathew Cyriac	13.60	15.20
Anuradha Sharma	11.20	12.80
Gautham Madhavan	8.00	1.60
Arun K Thiagarajan	4.80	13.60
Jitendrakumar H Mehta	2.40	10.40
Palaniappan Chidambaram	-	8.00
Smita Aggarwal	-	4.80
	52.00	**81.60**
c) Summary of compensation of key managerial personnel of the Company [1]		
Managerial remuneration	608.34	398.51
Sitting fees	52.00	81.60
Share based payment expenses	399.44	185.14
	1,059.78	**665.25**

All amounts in Indian ₹ in lakhs, except stated otherwise

36 Related party transactions (contd.)

c. Summary of outstanding balances with the above related parties are as follows:

Particulars	March 31, 2020	March 31, 2019
i) Remuneration payable to Key managerial personnel		
Mr. Sivaramakrishnan Vilayur Ganapathi	150.00	150.00
Mr. Sathyamurthy A	40.00	30.00
	190.00	**180.00**

[1] As the liability for gratuity and leave encashment to key managerial personnel is provided on actuarial basis for the Group as a whole, the gratuity and leave encashment amount pertaining to the key management personnel is not disclosed separately.

37 Disclosures of dues/payments to Micro, Small and Medium Enterprises to the extent such enterprises are identified by the Group

Particulars	March 31, 2020	March 31, 2019
i. The principal amount due thereon remaining unpaid as at the year end	24.39	18.62
Interest amount due and remaining unpaid as at the year end	-	-
ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
iv. The amount of interest accrued and remaining unpaid as the year end in respect of principal amount settled during the year	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

38 Share- based payments

The Group's employee benefit plans are as summarised below:

In September 2010, the shareholders of the Group approved Stock Option Plan (ESOP 2010) in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) for Employees Stock Options Plan. The plan covered all employees of the Group including employees of subsidiaries and directors and provided for the issue of 1,718,800 shares of ₹5 each.

Further, the shareholders of the Group by way of special resolution dated August 26, 2018 approved Employee Restricted Stock Unit Plan (RSU 2018) in accordance with the guidelines issued by the SEBI for employees Stock Options Plan. The plan covered all the senior management employees of the Group and provided for the issue of 2,133,040 shares of ₹5 each.

The fair value of the stock options is estimated at the grant date using a Black-Scholes-Merton ('BSM') option pricing model. The BSM option pricing model incorporates various assumptions including expected volatility, expected life and interest rates. The Group recognises share based compensation cost as expense over the requisite service period.

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

38 Share- based payments (contd.)

The contractual term of each option granted is ranging from two to three years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options.

Employee stock option expense is as set out below:

Particulars	March 31, 2020	March 31, 2019
Expense arising from equity-settled share based payment transactions	703.91	285.06
	703.91	**285.06**

Movement during the year for ESOP 2010 Plan:

The activity in the ESOP 2010 Plan for equity-settled share based payment transactions is set out below:

Particulars	March 31, 2020		March 31, 2019	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
Opening balance	585,001	76.53	819,835	72.45
Granted during the year	-	-	-	-
Exercised during the year	(10,000)	32.25	(154,834)	56.98
Lapsed during the year	(33,334)	61.02	(80,000)	72.55
Closing balance	**541,667**	**76.53**	**585,001**	**72.45**
Exercisable as at year end	421,667		345,003	

The weighted average share price at the date of exercise of the options during the period was ₹79.40 (March 31, 2019 : ₹82).

The weighted average remaining contractual life for the share options outstanding is 6.64 years (March 31, 2019: 7.42 years)

The range of exercise prices for options outstanding at the end of the year was ₹32.25 to ₹85.96 (March 31, 2019: ₹32.25 to ₹85.96).

Movement during the year for RSU 2018 Plan:

The activity in the RSU 2018 Plan for equity-settled share based payment transactions is set out below:

Particulars	March 31, 2020		March 31, 2019	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
Opening balance	2,133,040	5.00	-	-
Granted during the year	-	-	2,133,040	5.00
Exercised during the year	-	-	-	-
Lapsed during the year	(35,000)	-	-	-
Closing balance	**2,098,040**	**5.00**	**2,133,040**	**5.00**
Exercisable as at year end	NIL		NIL	

The weighted average remaining contractual life for the share options outstanding is 6.12 years (March 31, 2019: 7.12 years)

The weighted average fair value of options granted during the year was ₹ Nil (March 31, 2019: ₹72.31)

The range of exercise prices for options outstanding at the end of the year was ₹5 (March 31, 2019: ₹5).

All amounts in Indian ₹ in lakhs, except stated otherwise

38 Share- based payments (contd.)

The following table list the inputs to the models used for the ESOP 2010 plan:

Particulars	March 31, 2020	March 31, 2019
Dividend yield (%)	-	-
Expected volatility (%)	-	-
Risk-free interest rate (%)	-	-
Expected life of share options (years)	-	-
Weighted average exercise price (₹)	-	-
Model used	-	-

* No options were granted under ESOP 2010 during the year ended March 31, 2020 and March 31, 2019.

The following table list the inputs to the models used for the RSU 2018 plan:

Particulars	March 31, 2020	March 31, 2019
Dividend yield (%)	-	0.00%
Expected volatility (%)	-	60.40% to 60.47%
Risk-free interest rate (%)	-	7.29% to 7.36%
Expected life of share options (years)	-	7 to 8
Weighted average exercise price (₹)	-	-
Model used	-	Black-Scholes-Merton ('BSM') option pricing model.

* No options were granted under RSU 2018 during the year ended March 31, 2020.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

39 Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in Note 2.3 (o) to the consolidated financial statements.

(a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2020 and March 31, 2019

As at March 31, 2020

Particulars	Amortised cost	Fair value through OCI	Total
Financial assets			
Investments	3,551.74	-	3,551.74
Loans	3,472.76	-	3,472.76
Trade receivables	14,353.04	-	14,353.04
Cash and cash equivalents	1,229.28	-	1,229.28
Other financials assets	14,579.23	-	14,579.23
Foreign exchange forward contracts	-	-	-
Total assets	**37,186.05**	**-**	**37,186.05**
Financial liabilities			

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

39 Disclosures on Financial instruments (contd.)

Particulars	Amortised cost	Fair value through OCI	Total
Lease liabilities	5,066.47	-	5,066.47
Borrowings	39,095.07	-	39,095.07
Trade payables	11,428.98	-	11,428.98
Other financial liabilities	7,403.29	-	7,403.29
Foreign exchange forward contracts	-	2,308.54	2,308.54
Total liabilities	**62,993.81**	**2,308.54**	**65,302.35**

As at March 31, 2019

Particulars	Amortised cost	Fair value through OCI	Total
Financial assets			
Investments	0.29	-	0.29
Loans	2,306.59	-	2,306.59
Trade receivables	16,170.02	-	16,170.02
Cash and cash equivalents	1,118.75	-	1,118.75
Other financials assets	13,910.72	-	13,910.72
Foreign exchange forward contracts	-	1,457.86	1,457.86
Total assets	**33,506.37**	**1,457.86**	**34,964.23**
Financial liabilities			
Borrowings	38,070.07	-	38,070.07
Trade payables	8,572.44	-	8,572.44
Other financial liabilities	6,031.16	-	6,031.16
Foreign exchange forward contracts	-	-	-
Total liabilities	**52,673.67**	**-**	**52,673.67**

(b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Particulars	Fair value measurements at reporting date using			
	Level 1	Level 2	Level 3	Total
March 31, 2020				
Financial assets				
Foreign exchange forward contracts	-	2,308.54	-	2,308.54
March 31, 2019				
Financial assets				
Foreign exchange forward contracts	-	1,457.86	-	1,457.86

39 Disclosures on Financial instruments (contd.)

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

Fair value of loans (security deposits) having a carrying amount of ₹3,472.76 lakhs as at March 31, 2020 (March 31, 2019: ₹2,306.59 lakhs) was ₹3,472.76 Lakhs (March 31, 2019: ₹2,139.31 lakhs).

(ii) Foreign exchange forward contracts are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.

(iii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iv) There have been no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2020 and March 31, 2019

(c) Financial risk management objectives and policies

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy

(i) Market risk - Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/(decrease) in basis points	Effect on profit before tax
March 31, 2020	50	182.98
March 31, 2019	50	190.35

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

39 Disclosures on Financial instruments (contd.)

(ii) Market risk- Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating and financing activities. The Group's exposure to foreign currency changes from investing activities is not material.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales.

As at March 31, 2020 and March 31, 2019, the Group hedged ₹55,944.37 lakhs (USD 761.73 lakhs) and ₹42,357.55 lakhs (USD 584.50 lakhs) respectively of it expected foreign currency sales. Those hedged sales were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

The following table represents foreign currency risk from non derivative financial instruments as at March 31, 2020 and March 31, 2019

Particulars	Currency	March 31, 2020	March 31, 2019
Assets			
Trade receivables	USD	84.98	117.71
Trade receivables	EUR	0.37	1.21
Advance to suppliers	USD	14.48	-
Capital advances	USD	0.73	-
Cash and cash equivalents	USD	0.01	0.05
Liabilities			
Trade payables	USD	4.60	6.90
Liability for capital assets	USD	12.25	10.29
Liability for capital assets	EUR	0.18	1.99
Advances received from customers	USD	0.61	-

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

Particulars	Change in USD rate	Effect on profit before tax
March 31, 2020		
USD	5%	311.97
March 31, 2019		
USD	5%	347.28

The sensitivity analysis has been based on the composition of the Group's financial assets and liabilities at March 31, 2020 and March 31, 2019. The period end balances are not necessarily representative of the average debt outstanding during the period.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments and cash and cash equivalents.

39 Disclosures on Financial instruments (contd.)

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹37,186.05 lakhs, ₹34,964.23 lakhs, as at March 31, 2020 and March 31, 2019 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments other than investments in subsidiaries and other financial assets.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Group does not hold collateral as security.

With respect to trade receivables, the Group has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Group creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Credit risk from balances with bank and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital lines from various banks. The Group invests its surplus funds in bank fixed deposit and government securities, which carry no or low market risk.

The Group monitors its risk of a shortage of funds on a regular basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank borrowings etc. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Group's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value.

Particulars	0-1 year	> 1 year	Total
March 31, 2020			
Lease liabilities	2,120.45	2,946.02	5,066.47
Borrowings	39,095.07	-	39,095.07
Trade payables	11,428.98	-	11,428.98
Other financial liabilities	9,711.83	-	9,711.83
	62,356.33	**2,946.02**	**65,302.35**
March 31, 2019			
Lease liabilities	-	-	-
Borrowings	38,070.07	-	38,070.07
Trade payables	8,572.44	-	8,572.44
Other financial liabilities	6,031.16	-	6,031.16
	52,673.67	**-**	**52,673.67**

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

39 Disclosures on Financial instruments (contd.)

Equity Price risk

Equity Price Risk is related to the change in fair value of the investments in equity securities. Group's investments in equity securities, including investments held for sale, are subject to changes in fair value of investments. The carrying value of investments represents the maximum equity risk. The maximum exposure to equity price risk was ₹ Nil and ₹ Nil lakhs as on March 31, 2020 and March 31, 2019 respectively, being the carrying value (net of provisions) of investments in unquoted equity shares. The risk is arising primarily on account of the Group's investment in a foreign associate (refer note 44).

40 Capital management

The Group's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Group

The Group determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and sale of certain assets, long term and short term bank borrowings and issue of securities.

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Group's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

Particulars	March 31, 2020	March 31, 2019
Borrowings (Refer note 16)	39,095.07	38,070.07
Total debts	**39,095.07**	**38,070.07**
Capital components		
Equity share capital (Refer note 13)	2,141.28	2,140.78
Other equity (Refer note 14)	20,520.05	21,897.49
Total capital	**22,661.33**	**24,038.27**
Capital and borrowings	**61,756.40**	**62,108.34**
Gearing ratio (%)	**63.31%**	**61.30%**

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no material breaches in the financial covenants of any interest-bearing loans and borrowing for all the periods presented.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020 and March 31, 2019.

41 Standards issued but yet not effective

The MCA has carried out amendments to the following accounting standards. The effect on adoption of following mentioned amendments were insignificant on the standalone Ind AS financial statements. The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

(i) Ind AS 109: Prepayment Features with Negative Compensation

(ii) Ind AS 19: Plan Amendment, Curtailment or Settlement

(iii) Ind AS 103 Business Combinations

41 Standards issued but yet not effective (contd.)

(iv) Ind AS 12 Income Taxes

(v) Ind AS 23 Borrowing Costs

(vi) Amendments to Ind AS 28: Long-term interests in associates and joint ventures

(vii) Ind AS 111 Joint Arrangements

42 The Group is in process of taking necessary steps to comply with the Transfer Pricing requirements relating to the preparation & maintenance of the Transfer Pricing documentation with respect to the specified domestic transactions entered into by the Group during financial year ended March 31, 2020. The Management is of the opinion that the specified domestic transactions are at arm's length and hence the aforesaid legislation will not have any impact on the standalone financial statements, particularly on the amount of tax expense and that of provision for taxation.

43 The Company had applied for a scheme of amalgamation (the Scheme) of 9 wholly owned subsidiary companies with the Company. The appointed date of amalgamation is April 01, 2016. The application was filed with the Hon'ble National Company Law Tribunal ("NCLT") on February 23, 2017. The NCLT has passed an order dated September 25, 2017 instructing the Company to conduct Secured Creditors Meeting and shareholders meeting in November 2017. Necessary approval has been obtained from the Secured Creditors (Canara Bank and Corporation Bank) on November 24, 2017 and shareholders of the Company on November 29, 2017 and the Report of the Chairman along with necessary petition has been filed with the NCLT. The approval from NCLT was received by the Company on March 11, 2019. The financial statements for the year ended March 31, 2019 comply with the accounting treatment described in the Scheme. This resulted in restatement of financial statements with effect from the appointed date i.e. April 01, 2016. Accounting for the amalgamation does not have an impact in the consolidated financial statements.

In view of the aforesaid matter and to facilitate ease of business operations, majority of the employees have been transferred from the subsidiary companies to the Company with effect from July 1, 2017.

44 The Group assessed the fair value less cost of sale of the investment in an associate held for sale as at March 31, 2020. Change in the regulatory environment and the market conditions effecting the associate has adversely affected the fair value of the Group's investment. The Group has written down the carrying value of the asset by recognizing an impairment loss of ₹626.56 lakhs as an exceptional charge during the year ended March 31, 2019. The Group continues to make efforts to mitigate the loss by selling such investment in the near future, which could result in a partial or full reversal of the impairment loss. Further to related developments during the year on this matter, including claims filed by the Company for the recovery, the Company has reassessed that it is appropriate to reclassify the Investment from 'Associate' to 'Others'.

45 During the year ended March 31, 2019, pursuant to the approval of the committee of the Board of Directors dated May 3, 2018, the Group had issued 77.08 lakh equity shares of ₹5 each, at an issue price of ₹90.00 per equity share (including ₹85.00 per share towards securities premium) aggregating to ₹6,937.20 lakh to qualified institutional buyers under chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the "SEBI Regulations") and provisions of all other applicable laws. The Shareholders had approved the aforesaid issue of equity shares by way of special resolution dated February 8, 2018.

The amount raised from the above issue of shares has been utilised for the purposes for which it was raised.

46 The Group had filed petition with the Group Law Board for compounding of offence u/s. 297 of the erstwhile Companies Act, 1956 for the transactions entered with CMS Info Systems Private Limited between July 2009 to October 2011 and as at date, the petition is pending with the Company Law Board.

For periods subsequent to October 2011, the Company had filed an application with Central Government, Ministry of Corporate Affairs, seeking its approval u/s. 297(1) of the erstwhile Companies Act, 1956 for entering into contract with CMS Info Systems Private Limited which is pending approval.

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

47 Ministry of Corporate affairs have published a list of Disqualified Directors in September 2017. As per this list, Mr. Jitendra Kumar H Mehta (director of the Company as at March 31, 2018) was reported as disqualified from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013 for the period from November 1, 2015 to October 31, 2020 pursuant to his directorship of Tag Media Network Private Limited (defaulting Company). Consequently, the Director has filed a writ petition with the High Court of Karnataka and have obtained an interim stay. The Group is confident to receive a favourable order and that there will not be a material impact on the Consolidated Ind AS financial statements of the Company.

48 During the previous year certain foreign customers had filed a plan for reorganisation of its business and creditors in the court (‘ the reorganisation plan’). Consequently, based on recommendation of legal counsel, the Group had filed a claim for the balances outstanding with the relevant authorities, including for some claims which were eligible for preferential payment. Based on final negotiation and settlement under the reorganization plan by the court appointed administrative claims manager and also realisations made during the year, the Group carries an aggregate provision on account of expected credit loss towards this customer amounting to ₹523 lakhs (including provision recognised in the current year ₹390 lakhs) towards these claims. The aggregate outstanding balance as at March 31, 2020 from this customer is ₹357 lakhs (March 31, 2019: ₹308 lakhs) after adjusting the aforementioned provision and realisations of ₹220 lakhs received during the year.

Subsequent to the year ended March 31, 2020 another foreign customer with an outstanding receivable balance of ₹815 lakhs as at March 31, 2020, has filed for a plan for reorganisation of its business and creditors in the court, the Group has filed a creditor claim for the balances outstanding for ₹250 lakhs as at the date of such filing (after considering subsequent realisations to March 31, 2020). Based on the assessment of expected recovery the Group has created a provision on account of expected credit loss amounting to ₹125 lakhs. The Group is confident of recovery of the balance amounts.

49 Revenue from contracts with customers

a. Disaggregation of Revenue

The Group has disaggregated revenue into various categories in the following table which is intended to enable users to understand the relationship with revenue segment information provided in note 32.

Primary Geographic Markets (Name of the country)	Sale of finished goods	
	31-Mar-20	31-Mar-19
United States of America	76,412.38	59,492.72
Canada	3,745.55	3,927.09
Spain	3,401.77	2,660.69
China	1,992.40	2,804.09
Germany	1,803.98	3,771.43
France	1,768.32	1,883.75
Japan	1,455.16	1,868.79
Netherlands	1,451.40	2,590.21
Other Overseas Countries	11,181.71	11,789.02
India	24,973.08	17,596.06
Total	**128,185.75**	**108,383.85**

Apart from geographic location of customers; the characteristics of Company’s revenue are uniform in terms of product type, contract counterparties, timing of transfer of goods, uncertainty of revenue and cashflows etc. Therefore, disaggregation of revenue as per these categories is not applicable.

49 Revenue from contracts with customers (contd.)

b. Remaining performance Obligations

All of the Group's contracts are for the delivery of goods within the next 12 months for which the practical expedient in paragraph 121(a) of Ind AS 115 applies. As a result, the Group has not disclosed the information pertaining to remaining performance obligations as required by paragraph 120 of Ind AS 115.

c. Estimates and assumptions

Except as disclosed in note 50, there are no significant estimates and assumptions.

d. Contract balances

	Contract liabilities	
	31-Mar-20	31-Mar-19
Balance at the beginning of the year	169.54	209.04
Less: Amount included in contract liabilities that was recognised as revenue during the period	(169.54)	(209.04)
Add: Cash received in advance of performance and not recognised as revenue during the period	188.96	169.54
Balance at the end of the year	**188.96**	**169.54**

e. Transition to Ind AS 115

The Group has applied Ind AS 115 under modified retrospective approach as per paragraph C3(B) of Appendix C of Ind AS 115. Under the modified retrospective approach there were no significant adjustments required to the retained earnings at April 1, 2018. Also, the application of Ind AS 115 did not have any significant impact on recognition and measurement of revenue and related items in the financial statements for the year ended March 31, 2020.

50 In view of Ministry of Textiles, Government of India's Gazette Notification number CG-DL-E 15012020-215423 dated January 14, 2020, the Group had, during the year ended March 31, 2020, reversed the Export incentives receivables of ₹610.84 Lakhs for the period from March 07, 2019 to March 31, 2019 and is disclosed as an exceptional item. Further, the Group has not recognised the Merchandise Export from India Scheme (MEIS) benefit during the current year in view of the said notification.

51 During the quarter ended March 31, 2020, pursuant to the approval of the Board of Directors, the Company has concluded the sale of one of its lands, alongwith building constructed thereon. The transaction resulted in a gain of ₹2,604.78 lakhs, which has been recognised as an exceptional item.

52 For the year ended March 31, 2020, the Group is not required to spent amounts on Corporate Social Responsibility as per Section 135 of the Companies Act 2013.

53 The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which has been/was further extended till May 3, 2020. This pandemic and government response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.

The management has made an assessment of the impact of COVID-19 on the Group's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that the impact is primarily the operational aspects of the business and as the lock down was for a substantial period only subsequent to year end. Management has been able to address and counter the potential impact on the financial statements as at March 31, 2020 such as enhancing borrowing limits, strengthening liquidity, optimisation of resource utilisation, etc.

Notes to the consolidated financial statements for the year ended March 31, 2020

All amounts in Indian ₹ in lakhs, except stated otherwise

53 (contd.)

In assessing the recoverability of receivables including receivables, investments, and other assets, the Group has considered internal and external information up to the date of approval of these financial statements including status of existing and future customer orders, cash flow forecasts, commitments with suppliers, etc. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets, the Group has also considered the impact of subsequent events in its assessment and concluded that there is no significant impact which is required to be recognised in the financial statements. Accordingly, no further adjustments have been made to the financial statements.

Considering the dynamic nature of the issue, the impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

54 Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the consolidated financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

55 Previous year's figures have been regrouped/ reclassified, wherever necessary to confirm to the current year's classification.

As per our report of even date

For MSKA & Associates
Chartered Accountants
ICAI Firm registration number: 105047W

Deepak Rao
Partner
Membership No.: 113292

Place: Bengaluru
June 26, 2020

For and on behalf of the Board of Directors of
Gokaldas Exports Limited
CIN: L18101KA2004PLC033475

Richard B Saldanha
Chairman of Board
of Directors
DIN: 00189029
Place: Hyderabad

Sivaramakrishnan Vilayur Ganapathi
Managing Director
DIN: 07954560

Sathyamurthy A
Chief Financial Officer

Place: Bengaluru
June 26, 2020

Sameer Sudarshan R V
Company Secretary
Membership No.: A48679

Place: Bengaluru
June 26, 2020

CORPORATE INFORMATION

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Bengaluru - 560,025, India

Chief Financial Officer
Sathyamurthy A.

Company Secretary
Sameer Sudarshan R. V.

Statutory Auditor
MSKA & Associates
Chartered Accountants

Internal Auditor
G. Balu Associates LLP
Chartered Accountants

Bankers
Canara Bank
Corporation Bank

Registrar and Share Transfer Agents
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Gachibowli, Financial
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