

**REFLEXION TRADING PRIVATE LIMITED****Balance Sheet as at 31 March 2013***All amounts in Indian Rupees, except stated otherwise*

	Notes	31 March 2013	31 March 2012
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Shareholder's funds</b>			
Share Capital	3	1,00,000	1,00,000
Reserves and Surplus	4	13,58,313	11,01,633
		<b>14,58,313</b>	<b>12,01,633</b>
<b>Non-current liabilities</b>			
Long-term Provisions	5	48,86,083	61,94,390
		<b>48,86,083</b>	<b>61,94,390</b>
<b>Current Liabilities</b>			
Trade payables	6	7,81,191	7,34,397
Other current liabilities	6	2,30,86,146	2,69,52,548
Short term provisions	5	21,99,787	4,07,371
		<b>2,60,67,124</b>	<b>2,80,94,316</b>
<b>TOTAL</b>		<b>3,24,11,520</b>	<b>3,54,90,339</b>
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Fixed assets	7		
Tangible assets		48,93,572	62,93,751
Intangible assets		-	-
Capital work-in-progress		-	-
		<b>48,93,572</b>	<b>62,93,751</b>
Non-current investments	8	3,000	3,000
Long-term loans and advances	9	1,80,82,924	1,08,26,299
		<b>2,29,79,496</b>	<b>1,71,23,050</b>
<b>Current assets</b>			
Inventories	10	64,41,888	89,57,172
Trade receivables	11	4,61,608	10,58,070
Cash and Cash equivalents	12	14,47,991	20,57,790
Short-term loans and advances	9	10,80,537	62,94,257
		<b>94,32,024</b>	<b>1,83,67,289</b>
<b>TOTAL</b>		<b>3,24,11,520</b>	<b>3,54,90,339</b>

Summary of significant accounting policies 2

The accompanying notes are integral part of the financial statements.

As per our report of even date

As per our report of even date

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

A. V. PAL  
Partner  
(Membership No.37316)  
Place : Bangalore  
Date : 15th May 2013



For and on behalf of the Board  
For REFLEXION TRADING PRIVATE LIMITED

Gautam Chakravarti  
Director

Sumit Keshan  
Director

**REFLEXION TRADING PRIVATE LIMITED****Notes to financial statements for the year ended 31 March 2013***All amounts in Indian Rupees, except stated otherwise***3 Share Capital**Authorised shares

10,000 (2012:10,000) Equity Shares of Rs. 10 each

**31 March 2013**    **31 March 2012**

1,00,000    1,00,000

**1,00,000**    **1,00,000**Issued, subscribed and fully paid-up

10,000 (2012:10,000) Equity Shares of Rs. 10 each fully paid-up

1,00,000    1,00,000

**1,00,000**    **1,00,000****(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	31 March 2013		31 March 2012	
	No.	Amount	No.	Amount
At the beginning of the period	10,000	1,00,000	10,000	1,00,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	<b>10,000</b>	<b>1,00,000</b>	<b>10,000</b>	<b>1,00,000</b>

**b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10/- 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 shareholder 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.

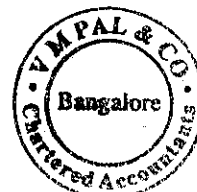
**(c) Shares held by holding/ ultimate holding Company and/ or their subsidiaries/ associates**

	31 March 2013 Amount	31 March 2012 Amount
Holding Company : Gokaldas Exports Ltd.,	1,00,000	1,00,000

**(d) Details of shareholders holding more than 5% shares in the Company**

Equity shares	31 March 2013		31 March 2012	
	No.	shareholding %	No.	shareholding %
Equity shares of Rs.10 each fully paid Gokaldas Exports Ltd.,	10,000	100.00%	10,000	100.00%

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.



#### 4 Reserves and Surplus

**31 March 2013**   **31 March 2012**

##### Surplus / (deficit) in the statement of profit and loss

Balance as per last financial statements	11,01,633	9,00,893
Profit / (loss) for the year	2,56,680	2,00,740
Net surplus / (deficit) in the statement of profit and loss	13,58,313	11,01,633

#### 5 Provisions

	Long Term		Short term	
	31 March 2013	31 March 2012	31 March 2013	31 March 2012
Provision for employee benefits	48,86,083	45,48,424	6,34,152	1,87,653
Provision for gratuity	-	16,45,966	15,65,635	2,19,718
Provision for leave benefits	48,86,083	61,94,390	21,99,787	4,07,371

#### 6 Trade payables and Other Current Liabilities

**31 March 2013**   **31 March 2012**

##### Trade Payables

to Micro and Small Enterprises  
to Others

-	-
7,81,191	7,34,397
7,81,191	7,34,397

##### Other current liabilities

Employees benefit payable  
Other expenses payable  
Due to Holding Company  
Due to fellow subsidiaries  
ESI payable  
Provident fund payable  
TDS payable  
VAT & CST payable  
Professional tax payable

1,14,10,011	1,28,38,527
32,01,662	25,80,431
66,79,848	96,72,611
70,000	3,52,082
4,03,444	3,26,363
10,83,639	9,70,943
1,71,640	1,86,328
48,152	15,063
17,750	10,200

2,30,86,146   2,69,52,548

**2,38,67,337   2,76,86,945**



**8 Non-current investments****Non Trade investments [valued at cost unless stated otherwise]**

Investment in Government Securities (unquoted)

National Savings Certificate

**31 March 2013**   **31 March 2012**

3,000

3,000

**3,000****3,000****9 Loans and advances**

(unsecured, considered good)

Security deposits

Due from fellow subsidiaries

Advances recoverable in cash / kind

Advance Tax (Net of Provisions)

Mat tax credit entitlement

Prepaid expenses

Loans and advances to employees

Balance with government authorities

Non-current

Current

31 March 2013

31 March 2012

31 March 2013

31 March 2012

1,06,04,199

1,08,26,299

5,300

71,752

4,62,190

4,20,593

73,91,198

51,63,735

87,527

41,359

1,63,186

14,000

67,067

5,57,688

4,07,924

**1,80,82,924****1,08,26,299****10,80,537****62,94,257****10 Inventories**

[ Valued at lower of cost and net realisable value ]

Raw Materials

Finished goods

**31 March 2013**   **31 March 2012**

33,06,055

74,42,256

31,35,833

15,14,916

**64,41,888****89,57,172****11 Trade Receivables**

(unsecured, considered good)

- Outstanding for a period exceeding six months

from the date they are due for payment

- Other receivables

Current

31 March 2013

31 March 2012

4,61,608

10,58,070

**4,61,608****10,58,070****12 Cash and bank balances**Cash and cash equivalents

Balance with banks :

-- in Current accounts

Cash on hand

Current

31 March 2013

31 March 2012

13,29,687

10,23,657

1,18,304

10,34,133

**14,47,991****20,57,790**

# REFLEXION TRADING PRIVATE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH, 31, 2013

## 7 Tangible assets

	Building	Improvement on lease hold rights	Electrical Equipments	Office Equipments	Furniture & Fixtures	Plant & Machinery	Computers	Vehicle	Total
<b>Cost or valuation</b>									
At 1 April 2011	16,78,809	5,00,000	24,56,950	3,31,763	18,13,490	1,14,56,900	3,624	7,65,870	1,90,07,406
Additions									
(A)									
(B)									
Disposals	16,78,809	5,00,000	24,56,950	3,31,763	18,13,490	1,14,56,900	3,624	7,65,870	1,90,07,406
At 31 March 2012 (A)-(B)	16,78,809	5,00,000	24,56,950	3,31,763	18,13,490	1,14,56,900	3,624	79,401	79,401
Additions								6,86,469	1,89,28,005
(C)									
(D)									
Disposals	16,78,809	5,00,000	24,56,950	3,31,763	18,13,490	1,14,56,900	3,624	6,86,469	1,89,28,005
At 31 March 2013 (C)-(D)	16,78,809	5,00,000	24,56,950	3,31,763	18,13,490	1,11,44,393	3,624	-	3,12,507
								6,86,469	1,86,15,498
<b>Depreciation</b>									
At 1 April 2011	7,90,036	2,97,833	13,69,245	1,44,292	11,36,599	66,79,418	3,455	6,38,984	1,10,59,862
Charge for the year	6,46,554		1,50,618	17,667	1,23,405	6,72,958	68	29,445	16,40,715
Disposals								66,321	66,321
At 31 March 2012	14,36,590	2,97,833	15,19,863	1,61,959	12,60,004	73,52,376	3,523	6,02,108	1,26,34,256
Charge for the year	2,42,219	2,02,167	1,29,667	15,209	1,01,069	5,72,378	41	21,841	12,84,591
Disposals						1,96,921		-	1,96,921
At 31 March 2013	16,78,809	5,00,000	16,49,530	1,77,168	13,61,073	77,27,833	3,564	6,23,949	1,37,21,926
<b>Net Block</b>									
At 31 March 2012	2,42,219	2,02,167	9,37,087	1,69,804	5,53,486	41,04,524	101	84,361	62,93,751
At 31 March 2013	0	-	8,07,420	1,54,595	4,52,417	34,16,560	60	62,520	48,93,572



## REFLEXION TRADING PRIVATE LIMITED

### Statement of profit and loss for the year ended 31 March 2013

All amounts in Indian Rupees, except stated otherwise

	Notes	31 March 2013	31 March 2012
Revenue from operations	13		
(a) Sales (gross)		5,38,37,349	5,68,92,601
Less: Excise duty		71,70,125	81,92,842
Sales (net)		4,66,67,224	4,86,99,759
(b) Other operating income		9,50,61,633	10,52,59,334
Revenue from operations		14,17,28,857	15,39,59,093
Other income	14	18,56,151	70,297
<b>Total Revenue</b>		<b>14,35,85,008</b>	<b>15,40,29,390</b>
<b>Expenses</b>			
Cost of materials consumed	15	2,48,13,564	2,87,24,569
(Increase) / decrease in inventories	16	(16,20,917)	(10,75,675)
Employee benefits expense	17	9,67,68,727	10,07,48,238
Other expenses	18	2,18,14,640	2,15,76,365
Depreciation and amortisation expense	19	12,84,591	16,40,714
Finance costs	20	51,284	14,29,386
<b>Total Expenses</b>		<b>14,31,11,889</b>	<b>15,30,43,597</b>
Profit before tax		4,73,119	9,85,793
<b>Tax expense:</b>			
Current tax		-	7,60,046
Mat tax for the year		87,527	-
Mat tax credit entitlement		(87,527)	-
Tax of earlier years (net)		2,16,439	42,301
Deferred tax charge / (credit)		-	(17,294)
		2,16,439	7,85,053
<b>Profit for the period</b>		<b>2,56,680</b>	<b>2,00,740</b>
<b>Earnings per equity share - (Nominal value per share - Rs.10) :</b>			
Basic		25.67	20.07
Diluted		25.67	20.07

Summary of significant accounting policies 2

The accompanying notes are integral part of the financial statements.

As per our report of even date

For V. M. PAL & Co.,

Firm Regn. No. 09075S

Chartered Accountants

A. V. PAL

Partner

(Membership No.37316)

Place : Bangalore

Date : 15th May 2013



For and on behalf of the Board  
For REFLEXION TRADING PRIVATE LIMITED

Gautam Chakravarti  
Director

Sumit Keshan  
Director

**REFLEXION TRADING PRIVATE LIMITED****Notes to financial statements for the year ended 31 March 2013***All amounts in Indian Rupees, except stated otherwise*

	<u>31 March 2013</u>	<u>31 March 2012</u>
<b>13 Revenue from operations</b>		
Sale of products		
(a) Finished goods		3,35,395
-- Exports	5,38,37,349	5,65,57,206
-- Domestic	5,38,37,349	5,68,92,601
(b) Other operating revenue		
Contract Receipts	9,50,61,633	10,52,59,334
<b>Revenue from operations (gross)</b>	<b>14,88,98,982</b>	<b>16,21,51,935</b>
Less: Excise duty	71,70,125	81,92,842
<b>Revenue from operations (net)</b>	<b>14,17,28,857</b>	<b>15,39,59,093</b>
 <u>Details of Products Sold</u>		
Finished goods (Poly Wadding) sold		
Manufactured	5,38,37,349	5,68,92,601
	5,38,37,349	5,68,92,601

<b>14 Other Income</b>		
Interest earned on bank securities	-	666
Interest earned on other advances	11,193	5,449
Net gain on sale of fixed assets	31,414	16,921
Duty drawback earned	-	18,680
Other non-operating income	18,13,544	28,581
	<b>18,56,151</b>	<b>70,297</b>

<b>15 Cost of raw materials consumed</b>		
Inventory at the beginning of the year	74,42,256	82,54,364
Add: Purchases	2,06,77,363	2,79,12,461
	2,81,19,619	3,61,66,825
Less: inventory at the end of the year	33,06,055	74,42,256
<b>Cost of raw materials consumed</b>	<b>2,48,13,564</b>	<b>2,87,24,569</b>
 <u>Details of raw materials consumed</u>		
Fiber & Resin	2,48,13,564	2,87,24,569
	2,48,13,564	2,87,24,569
 <u>Details of inventory</u>		
Fiber & Resin	33,06,055	74,42,256
	33,06,055	74,42,256

	<u>31 March 2013</u>	<u>31 March 2012</u>
<b>16 (Increase) / decrease in inventories</b>		
Inventories at the beginning of the year		
Finished goods	15,14,916	4,39,241
Work-in-progress		
	15,14,916	4,39,241
Inventories at the end of the year		
Finished goods	31,35,833	15,14,916
Work-in-progress		
	31,35,833	15,14,916
 (increase)/ decrease	<b>(16,20,917)</b>	<b>(10,75,675)</b>



	<u>31 March 2013</u>	<u>31 March 2012</u>
<b>17 Employee benefits expense</b>		
Salaries, wages and bonus	8,42,40,419	8,67,13,743
Contribution to provident fund and other fund	99,25,670	1,00,37,624
Gratuity expense	24,61,582	38,31,636
Staff welfare expenses	1,41,056	1,65,235
	<u><b>9,67,68,727</b></u>	<u><b>10,07,48,238</b></u>

<b>18 Other expenses</b>		
Power and fuel	28,11,533	28,49,036
Job work charges	16,000	26,254
Other manufacturing expenses	1,07,871	89,990
Repairs and maintenance		
- Plant and machinery	11,45,188	14,91,554
- Buildings	59,663	2,79,377
- Others	3,79,877	4,25,161
Rent	1,37,90,016	1,36,35,426
Insurance	23,475	32,398
Rates and taxes	1,67,494	1,55,708
Legal and professional charges	2,13,181	2,65,970
Communication expenses	9	-
Printing and stationery	4,203	3,669
Travelling and conveyance	5,62,365	4,87,876
Payment to auditors	40,450	39,708
Clearing, forwarding and freight (net of recoveries)	-	27,611
Exchange differences (net)	77,627	3,05,786
Other Miscellaneous expenses	24,15,689	14,60,841
	<u><b>2,18,14,640</b></u>	<u><b>2,15,76,365</b></u>

Payment to auditor

As Auditor		
Audit fees	40,450	39,708
	<u>40,450</u>	<u>39,708</u>

**19 Depreciation and amortisation expense**

Depreciation on tangible assets	12,84,591	16,40,714
	<u><b>12,84,591</b></u>	<u><b>16,40,714</b></u>

**20 Finance costs**

Bank charges	51,284	1,36,509
Interest on others	-	12,92,877
	<u><b>51,284</b></u>	<u><b>14,29,386</b></u>





## REFLEXION TRADING PRIVATE LIMITED

### SCHEDULES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2013

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#### 1. Corporate Information:

**Reflexion Trading Private Limited** (herein after referred to as "the Company") was incorporated on 07th March 2003. The Company became a subsidiary of Gokaldas Exports Limited (formerly known as Gokaldas India Private limited) on 1st December 2004. The Company took over all the assets & Liabilities of M/s Hinduja Processing & Finishing and M/s Sri Krishna Industries as a going concern on 1st April 2005.

#### 2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) and complies in all material respects with the notified accounting standards under Companies (Accounting Standards) Rules (as amended), 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

#### 2.1 Summary of Significant accounting policies

##### a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes requiring material adjustment to the carrying amounts of assets and liabilities in future periods.

##### b) Revenue recognition

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

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

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

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

Dividend income on investments is accounted when the right to receive the dividend is established as at reporting date.

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Insurance / other claims are recognized on acceptance basis.

##### c) Fixed assets and depreciation/ amortization (tangible and intangible)

Fixed assets are stated at cost of acquisition/construction less accumulated depreciation and impairment losses if any, net of grants received, where applicable and subsequent improvements thereto including



taxes, duties, freight, and other incidental expenses related to acquisition/construction. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is provided using the written down value method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956 whichever is higher.

	<u>Rate of depreciation (WDV)</u>
Buildings	10.00%
Plant & Machinery	13.91%
Electrical Equipments	13.91%
Office Equipments	13.91%
Furniture & Fixtures	18.10%
Computers	40.00%
Vehicles	25.89%
Computer Software (Intangibles)	40.00%

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of addition. Leasehold improvements are depreciated over the primary lease period or useful life, whichever is lower.

Intangible assets comprising of Know-how (Process improvement costs) are amortized over 36 months.

#### **d) Borrowing Costs**

Borrowing costs includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs attributable to acquisition and construction of qualifying assets that necessarily takes substantial period of time to get ready for its intended use are capitalized as a part of the cost of such asset. All other borrowing costs are expensed in the period they occur.

#### **e) Impairment of tangible and intangible assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of profit and loss to the extent the carrying amount exceeds the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

#### **f) Inventories**

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

Finished goods and work in progress are valued at lower of cost and net realisable value after considering provision for obsolescence and other anticipated loss, wherever considered necessary. Finished goods and work in progress includes cost of conversion and other production overheads. Cost is determined on a weighted average basis. Cost of finished goods includes excise duty.



Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**g) Foreign currency transactions**

**(i) Initial Recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

**h) Government Grants and subsidies**

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

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

**i) Investments**

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged / credited to statement of profit and loss.

**j) Retirement and Other Employee Benefits**

**(i) Defined Contribution Plans:**

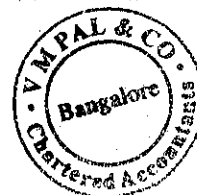
Contributions to provident fund are made at pre-determined rates and charged to the statement of profit and loss for the year when contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

**(ii) Defined Benefit Plans:**

Gratuity liability is accrued in the books based on actuarial valuation on projected unit credit method as at reporting date. Actuarial gains or losses are immediately taken to statement of profit and loss and are not deferred.

**(iii) Compensated absences:**

Accumulated leave, which is expected to be utilised within the next twelve months, is treated as short-term employee benefit. 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 basis of an actuarial valuation using the projected unit credit method at the year end. Actuarial gains or losses are immediately taken to statement of profit and loss



and are not deferred. The company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

The company recognises termination benefit as a liability and an expense when the company has a present obligation as a result of 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. If the termination benefits fall due more than twelve months after the balance sheet date, they are measured at present value of future cash flows using the discount rate determined by reference to market yields at the balance sheet date on government bonds.

#### **k) Taxation**

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the reporting date. 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 tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, deferred tax asset is recognised only to the extent that it has timing differences the reversal of which will result in sufficient income or there is other convincing evidence that sufficient taxable income will be available against which such deferred tax assets can be realised.

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

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

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

#### **l) Accounting for leases**

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



**m) Provisions**

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

**n) Segment Reporting Policies**

**(i) Identification of segments:**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

**(ii) Basis of allocation:**

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

**(iii) Segment Policies:**

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

**o) Earnings Per Share**

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

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

**p) Contingent Liability**

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 controls 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 financial statements.

**q) Cash and Cash equivalents**

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



## Notes to Account

### 21. Contingent liabilities

(Amount in Rs.)

Particulars	2013	2012
Claims against the Company not acknowledged as debts	81,288	81,288
Guarantees given by banks	Nil	Nil
Outstanding letters of credit	Nil	Nil
Export Bills discounted with banks	Nil	Nil
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances)	Nil	Nil

### 22. Gratuity

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

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

Net employee benefit expense (in Profit and Loss Account)

(Amount in Rs)

	2013	2012
Current Service Cost	2,390,460	2,940,153
Interest cost on benefit obligation	320,131	194,298
Expected Return on Plan Assets	(2,192)	(3,836)
Actuarial gain/(loss)	(158,032)	701,021
<b>Net benefit expense</b>	<b>2,550,367</b>	<b>3,831,636</b>

Details of Provision for gratuity (in Balance Sheet)

(Amount in Rs)

	2013	2012
Defined benefit obligation	5,549,830	4,763,480
Fair value of plan asset	29,595	27,403
<b>Liability recognized in the balance sheet</b>	<b>(5,520,235)</b>	<b>(4,736,077)</b>

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

(Amount in Rs)

	2013	2012
Opening defined benefit obligation – Current	187,653	296,437
Opening defined benefit obligation- Non current	4,575,827	3,359,017
Current Service Cost	2,390,460	2,940,153
Interest Cost	320,131	194,298
Benefits Paid	(1,766,209)	(2,739,193)
Actuarial (gain)/loss	(158,032)	712,768
<b>Closing defined benefit obligation</b>	<b>5,549,830</b>	<b>4,763,480</b>
<b>Closing defined benefit obligation – Current</b>	<b>634,152</b>	<b>187,653</b>
<b>Closing defined benefit obligation – Non current</b>	<b>4,915,678</b>	<b>4,575,827</b>



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

(Amount in Rs)

	2013	2012
Opening fair value of plan asset	27,403	84,081
Expected return	2,192	3,836
Actuarial gain/(loss)	-	11,747
Contributions (less risk premium, service tax)	-	347,761
Benefits Paid	-	(420,022)
Contribution for Benefits settled directly by company	1,766,209	2,319,171
Benefits settled directly by company	(1,766,209)	(2,319,171)
<b>Closing fair value of plan asset</b>	<b>29,595</b>	<b>27,403</b>

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

Interest Rate	8.25%	8.50%
Discount Factor	8.25%	8.50%
Estimated Rate of return on Plan Assets	8.00%	8.00%
Attrition Rate	40.00%	25.00%
Rate of escalation in Salary per annum	5.00%	5.00%
Retirement Age	60	58

The Company expects to contribute Rs.2,250,000 to gratuity in 2013-14. The major categories of plan asset as a percentage of the fair value of total plan asset are as follows:

	2013	2012
Investments with insurer %	100	100

Notes:

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

## 23. Segment information

### a) Primary business segment

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

### b) Secondary business segment (by geographical area based on location of customers):

(Amount in Rs)

Geographical Segment	Revenues	Carrying amount of segment assets (Debtors)
In India	141,728,857 (153,959,093)	461,608 (1,058,070)
Outside India		
<b>Total</b>	<b>141,728,857</b> <b>(153,959,093)</b>	<b>461,608</b> <b>(1,058,070)</b>

Note:

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



## 24. Related party disclosures

### A. Names of related parties and description of relationship:

Ref	Description of Relationship	Names of related parties
a.	Parties where control exists:	
(i)	Immediate Holding Company	Gokaldas Exports Limited
(ii)	Fellow Subsidiaries	Deejay Trading Private Limited
		Glamourwear Apparels Private Limited
		Madhin Trading Private Limited
		Magenta Trading Private Limited
		Rafter Trading Private Limited
		Rajdin Apparels Private Limited
		All Colour Garments Private Limited
		Rishikesh Apparels Private Limited
		Robot Systems Private Limited
		Seven Hills Clothing Private Limited
		SNS Clothing Private Limited
		Vignesh Apparels Private Limited
b.	Key management personnel:	
(i)	Director	Mr. Gautam Chakravarti
(ii)	Director	Mr. Sumit Keshan

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

(Amount in Rs)

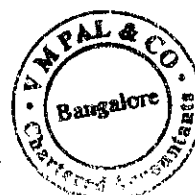
(Nature of transactions)	Holding Company	Fellow Subsidiaries	Others	Total
	A(a)(i)	A(a)(ii)		
<b>Income</b>				
Job work charges	95,061,633 (105,259,334)			95,061,633 (105,259,334)
Sales	22,984,468 (40,818,409)			22,984,468 (40,818,409)
<b>Expenses</b>				
Interest Paid		Nil (1,292,877)		Nil (1,292,877)
<b>Balances outstanding as at March 31, 2013</b>				
-- Credit balances	6,679,848 (9,672,611)	70,000 (352,082)		6,749,848 (10,024,693)
-- Debit balances		5,300 71,752	(Nil)	(71,752)

Figures in brackets relate to previous year

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

(Amount in Rs)

	2013	2012
<b>Interest Paid</b>		
SNS Clothing Private Limited	-	1,292,877
<b>Debit balances to fellow subsidiaries</b>		
Rishikesh Apparels Private Limited	-	71,752
Rafter Trading Private Limited	5,300	
<b>Credit balances to fellow subsidiaries</b>		
Seven Hills Clothing Private Limited	70,000	70,000
SNS Clothing Private Limited		282,082





**25. Leasing Arrangements:**

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

**26. Earnings per share**

(Amount in Rs)

Particulars	2013	2012
Net profit for the year as per profit and loss account before exceptional items	256,681	200,740
Net profit for the year as per profit and loss account after exceptional items	256,681	200,740
Weighted average number of equity shares (Nos.)	10,000	10,000
Nominal value per share	10	10
Earnings per share – Basic and diluted		
Before exceptional items	25.67	20.07
After exceptional items		

**27. Deferred taxes – Components Assets / (Liabilities)**

(Amount in Rs)

Particulars	As at March 31, 2012	Current year (charge)/credit	As at March 31, 2013
Difference between book and tax base of fixed assets	-	-	-
Retirement benefits allowed on payment basis accrued in books			
Total	-	-	-

**28. Remuneration to directors**

(Amount in Rs)

Particulars	2013	2012
Salaries	Nil	Nil

**29. CIF value of imports**

Current Year : 4,645,617

Previous Year : 8,198,519

**30. Expenditure in foreign currency on accrual basis**

Current Year : NIL

Previous Year : Nil

**31. Imported and indigenous raw materials, stores and spare parts consumed**

Particulars	2013		2012	
	Amount (Rs)	%	Amount (Rs)	%
<b>Raw Materials</b>				
Imported	4,284,741	17.27	9,234,949	32.15
Indigenous	20,528,823	82.73	19,489,619	67.85
	<b>24,813,564</b>	<b>100</b>	<b>28,724,568</b>	<b>100</b>
<b>Consumables, Stores and Spares</b>				
Imported	Not Applicable		Not Applicable	
Indigenous				



**32. Earnings in foreign currency****2013****2012**

FOB value of exports

Nil

335,395

**33. Sale by class of goods**

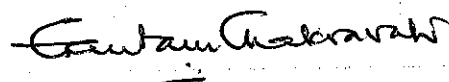
Products	Unit	2012-2013		2011-2012	
		Quantity	Amount	Quantity	Amount
Polywadding	Mtrs	856,223	40,272,342	1,230,040	34,572,12 4
Quilted with Poly	Mtrs	186,918	5,968,098	460,163	13,691,700
Others			426,784		435,935
<b>Total</b>			<b>46,667,224</b>		<b>48,699,759</b>

**34. Raw Materials consumed.**

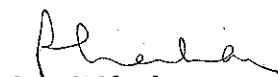
Products	Unit	2012-2013		2011-2012	
		Quantity	Amount	Quantity	Amount
Fibre	Kg's	172,208	20,528,824	188,254	21,072,138
Resin	Kg's	73,917	4,284,740	107,597	7,652,430
<b>Total</b>			<b>24,813,564</b>		<b>28,724,568</b>

35. Based on the information available with the company, there are no suppliers who are registered as micro, small or medium enterprises under the Micro, Small or Medium Enterprises Development Act 2006.

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

**Signatures to schedules 1 to 36****For and on behalf of the Board****For REFLEXION TRADING PRIVATE LIMITED**


**Gautam Chakravarti**  
Director



**Sumit Keshan**  
Director

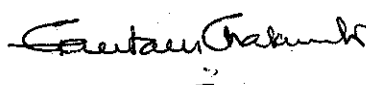
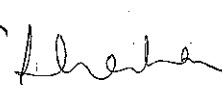
**Bangalore****Dated: May 15th, 2013****As per our report of even date****For V.M.Pal & Co.****Firm Regn. No.09075S****Chartered Accountants**
  
**A.V.Pal**  
(Partner)
**(Membership No.37316)**

**REFLEXION TRADING PRIVATE LIMITED****Cash-flow statement for the year ended 31 March 2013***All amounts in Indian Rupees, except stated otherwise*

PARTICULARS	2013	2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax from continuing operations	4,73,119	9,85,793
Loss before tax	4,73,119	9,85,793
Non-cash adjustment to recincile profit before tax to net cash flow		
Depreciation/amortization on continuing operations	12,84,591	16,40,714
(Profit)/Loss on sale of assets (net)	(31,414)	
Interest expense	-	12,92,877
Interest earned	(11,193)	(6,115)
<b>Operating Profit before working capital changes</b>	<b>17,15,103</b>	<b>39,13,269</b>
Movements in Working Capital :		
(Increase)/Decrease in inventories	25,15,284	(2,63,564)
(Increase)/Decrease in trade receivables	5,96,462	(8,81,620)
(Increase)/Decrease in non current loans and advances	2,22,100	(24,386)
(Increase)/Decrease in current loans and advances	49,985	(78,857)
Increase/(Decrease) in trade payables	46,794	(5,59,400)
Increase/(Decrease) in other current liabilities	(38,66,402)	1,05,04,428
Increase/(Decrease) in short term borrowings	-	(1,30,00,000)
Increase/(Decrease) in long term provisions	(13,08,307)	12,89,267
Increase/(Decrease) in short term provisions	17,92,416	(97,310)
<b>Cash Generated from /(used in) Operations</b>	<b>17,63,436</b>	<b>8,01,828</b>
Direct taxes paid (net of refunds)	(25,31,429)	13,17,599
<b>Net Cash Flow from Operating Activities</b>	<b>(7,67,993)</b>	<b>21,19,427</b>
<b>Net Cash Flow from/(used in) Operating Activities</b>	<b>(7,67,993)</b>	<b>21,19,427</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest received	11,193	6,115
Proceeds from Sale of Fixed Assets	1,47,000	13,079
<b>Net Cash Flow from / (used in) Investing Activities</b>	<b>1,58,193</b>	<b>19,194</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Interest paid	-	(12,92,877)
<b>Net Cash Flow from / (used in) Financing Activities</b>	<b>-</b>	<b>(12,92,877)</b>
<b>D. Net Increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(6,09,799)</b>	<b>8,45,744</b>
<b>E. Opening Balance of Cash &amp; Cash Equivalents</b>	<b>20,57,790</b>	<b>12,12,046</b>
<b>F. Closing Balance of Cash &amp; Cash Equivalents</b>	<b>14,47,991</b>	<b>20,57,790</b>
Components of Cash and Cash Equivalents		
Cash on hand	1,18,304	10,34,133
Bank Balances with Scheduled Banks:		
-- in Current Accounts	13,29,687	10,23,657
	<b>14,47,991</b>	<b>20,57,790</b>
	<b>14,47,991</b>	<b>20,57,790</b>

For and on behalf of the Board

For REFLEXION TRADING PRIVATE LIMITED



**Gautam Chakravarti**  
**Director**
**Sumit Keshan**  
**Director**

Place : Bangalore

Date : 15th May 2013



As per our report of even date

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

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