ANNUAL REPORT 2008 - 2009

ARVIND

enriching lifestyles

ARVIND LIMITED

Location & Sites

Lifestyle Fabrics – Denim
Arvind Limited
Naroda Road
Ahmedabad – 380025
Gujarat, India
Tel: +91-79-22208000
Fax: +91-79-22208671
aamir.akhtar@arvind.in

Lifestyle Fabrics -Voiles
Ankur Textiles
Arvind Products Limited
Outside Raipur Gate
Ahmedabad – 380 022
Gujarat, India
Tel: +91-79-25457201
Fax: +91-79-25457350
pd.chavda@arvind.in

Lifestyle Brands
Arvind Limited
8th Floor, Du Parc Trinity
17 MG Road
Bangalore 560 001
Tel: +91-80-41550650
sureshj@arvindbrands.com

Lifestyle Fabrics – Shirting & Khakis
Arvind Limited
PO Khatrej, Taluka Kalol
Dist Gandhinagar - 382 721
Gujarat, India
Tel: +91-2764-255000
Fax: +91-2764-255771
susheel.kaul@arvind.in

Lifestyle Apparel -Jeans
Arvind Limited
26/2 , 27/2 Kenchenahaili
Mysore Road,
Near Bangalore University
Bangalore 560 059
Tel: +91-80-26999000

Lifestyle Retail
Arvind Limited
5th Floor, Du Parc Trinity
17 MG Road
Bangalore 560 001
Tel: +91-80-41550605
venkat@arvindbrands.com

Lifestyle Fabrics – Knits
Arvind Limited
PO Khatrej, Taluka Kalol
Dist Gandhinagar - 382721
Gujarat, India
Tel: +91-2764-255000
Fax: +91-2764-281161
senthilkumar.ma@arvind.in

Lifestyle Apparel - Shirts
Arvind Limited
No.55 , White Field Road
Puttapa Industrial Estate,
Mahadevpura Post
Bangalore 560 048
Tel: +91-80-41123900
Fax : +91-80-51157681
maneesh.patel@arvindexports.com

Subsidiaries & Joint Ventures

Arvind Products Limited
Arvind Limited Premises
Naroda Road,
Ahmedabad – 380025
Gujarat, India
Tel: +91-79-22208000
Fax: +91-79-22208668

VF Arvind Brands Private Limited
Laurel Block B, 8th Floor
Level 9, Bagmane Tech Park
CV Raman Nagar
Bangalore 560 093
Tel: +91-80- 41550100
Fax: +91-79-41550167

Arya Omnitalk Wireless Solutions Private Limited
3rd Floor, Ling Field Plaza,
S. No 66/67, Salunke Vihar Road,
Wanowrie, Pune 411 040
Tel: +91-20-26851072/3352/3622, 40118100
Fax : +91-20-26851077
solutions@aryaomnitalk.com

Anup Engineering Limited
Behind 66KV Sub Station,
Odhav Road,
Ahmedabad – 382415
Gujarat, India
Tel: +91-79-22870622-23
Fax: +91-79-22870642
anup@anupengg.com

Arvind Murjani Brands Pvt. Ltd.
4 Brunton First Cross Road
Bangalore 560 025
Tel: +91-80-41124093-94
Fax+91-79-41124092

Overseas Offices

Arvind Worldwide Inc.
130 West 42nd Street,
Suite 603, 6th Floor,
New York, NY 10036, USA
Tel. + 1212768 4815
Fax. + 1212768 7378
raju@arvindusa.com

Arvind Denim Lab
584, Broadway New York,
Suite 801
New York 10012.
Tel. + 12124314256
viresh@arvinddenimlab.com

Paragon House
5, Mohakhali Commercial Area
Dhaka 1212,
Bangladesh
Tel. : + 8802 28827122/9881794
Fax : + 8802 9883400

Directors

Mr. Sanjay S. Lalbhai	Chairman & Managing Director
Mr. Jayesh K. Shah	Director & Chief Financial Officer
Mr. Sudhir Mehta	
Mr. Tarun Sheth	
Mr. Munesh Khanna	
Mr. G. M. Yadwadkar	Nominated by IDBI Bank Ltd.
Mr. R. W. Khanna	Nominated by Export-Import Bank of India

Company Secretary

Mr. R.V. Bhimani

Bankers

State Bank of India
Bank of Baroda
UCO Bank
State Bank of Patiala
HDFC Bank Ltd.
Standard Chartered Bank
ICICI Bank Ltd.
Export-Import Bank of India
Axis Bank Ltd.
ABN Amro Bank NV
State Bank of Hyderabad
Canara Bank

Auditors

Sorab S. Engineer & Co.
Chartered Accountants
381, Dr. D. Naoroji Road,
Fort, Mumbai-400 023.

Registrars and Transfer Agents

Pinnacle Shares Registry Pvt. Ltd.
Near Asoka Mills,
Naroda Road,
Ahmedabad - 380 025.

Registered Office

Naroda Road,
Ahmedabad - 380 025.

CONTENTS

Notice

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Friday, the 25th September, 2009 at 11 a.m. at Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad-380006 to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements of Accounts for the financial year ended on 31st March, 2009 and the Reports of the Directors and Auditors thereon.
2. To declare dividends.
3. To appoint a Director in place of Mr. Sudhir Mehta, who retires by rotation in terms of Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Tarun Sheth, who retires by rotation in terms of Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass with or without modifications, the following resolution, as a Special Resolution :

   "RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and the rules made thereunder from time to time and subject to the prior approval of the Central Government and further subject to such modifications, amendments and variations as the Central Government may suggest, which the Board of Directors of the Company (which term shall include any Committee thereof) is hereby authorized to accept and subject to such other consents, approvals, permissions as may be required, consent of the Company be and the same is hereby accorded for appointment of Mr. Kulin Lalbhai, to the position of Chief Manager – Retail or under such other designation as the Company may decide from time to time with effect from 1st October, 2009 or from such date as the Central Government may approve while according its approval, on the following remuneration (including perquisites) or such remuneration as may be approved by the Central Government while according its approval and as may be accepted by Mr. Kulin Lalbhai :

   Basic Salary: Rs. 35,000 per month in the scale of Rs. 35,000 to Rs. 1,00,000 with such annual increments as may be decided by the management.

   Perquisites: In addition to the salary, Mr. Kulin Lalbhai will be entitled to the following perquisites up to Rs. 65,000 to Rs. 1,50,000 per month as per the rules of the Company and as applicable to other employees in the same grade with similar qualification and experience in which Mr. Kulin Lalbhai is being appointed.

Type of Allowances	Particulars	Rs. per month
Personal Allowance	Hard Furnishing Allowance, Supplementary Allowance, Appliances etc.	Up to Rs. 50,492 per month.
Flexible Benefit	Medical, transport allowance, children education allowance, children hostel expenses allowance, books/magazines/ periodicals, professional attire reimbursement, food coupons etc.	Up to Rs. 8,850 per month.
Retiral Benefits	Provident Fund, Gratuity as per the Company Rules	Up to Rs. 5,658 per month.
Total		**Rs. 65,000 per month**

   FURTHER RESOLVED THAT consent of the Company be and the same is hereby accorded for Mr. Kulin Lalbhai, to hold an office or place of profit in the Company, as above, he being a relative (son) of Mr. Sanjay S. Lalbhai, Chairman and Managing Director of the Company.

   FURTHER RESOLVED THAT the Board of Directors of the Company (the term 'Board' includes any Committee thereof) be and is hereby authorized to do all such acts, deeds and things as may be expedient and desirable for the purpose of giving effect to the resolutions including all such modification/s, when necessary, to the above terms of remuneration as the Central Government may suggest or require while granting approval."

7. To consider, and if thought fit, to pass with or without modifications, the following resolution, as a Special Resolution :

   "RESOLVED THAT pursuant to the provisions of Section 78, 100 to 103 and other applicable provisions, if any, of the Companies Act, 1956, Article 6 of the Articles of Association of the Company and subject to the confirmation of the Hon'ble High Court of Gujarat at Ahmedabad, out of the balance of Rs.693.53 crores in the Securities Premium Account of the Company as on 31st March, 2009 and addition thereto, if any thereafter, a total amount not exceeding Rs. 60 crores, be utilised and applied for setting off balance of retrenchment compensation not amortized as on 31st March, 2009 and additional payment made or to be made thereafter, if any, for an amount up to Rs. 30 crores and project expenses, unrealizable/disputed tax credits and/or other claims for an amount upto Rs. 30 crores.

   "RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board of Directors of the Company (hereinafter referred to as ' Board of Directors which term shall include any Committee thereof) be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any question or difficulty that may arise with regard to utilisation/ adjustment of the Securities Premium Account including passing of such accounting entries and / or making such other adjustments in the books of accounts as may be considered necessary to give effect to the above resolution or to carry out such modifications / directions as may be ordered by the Hon'ble High Court of Gujarat to implement the aforesaid resolution".

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

Registered Office:
Naroda Road,
Ahmedabad-380 025

By Order of the Board

SANJAY S. LALBHAI
Chairman & Managing Director

Date : 31st July, 2009

NOTES

1. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends up to the financial year ended 31st March, 1998 have been transferred to the Investor Education and Protection Fund (IEPF) of the the Central Government. The Company did not declare any dividends on equity shares for the financial years 1998-1999 to 2001-2002.
3. Members are requested to notify promptly any change in their addresses to our Registrars viz. Pinnacle Shares Registry Pvt. Ltd., Unit: Arvind Limited, Nr. Asoka Mills, Naroda Road, Ahmedabad-380 025.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Monday the 14th September, 2009 to Thursday, the 24th September, 2009 (both days inclusive).
5. Members are requested to bring their copies of the Annual Report to the meeting. The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
6. Shareholders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.

Registered Office:
Naroda Road,
Ahmedabad-380 025

By Order of the Board

SANJAY S. LALBHAI
Chairman & Managing Director

Date : 31st July, 2009

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

Item No.6

The Company is in the process of setting up RTS (Ready to Stitch) project as a part of the retail initiatives. The Company is gearing up itself to roll out this project at the earliest to take advantage of growth opportunities available in this business segment. The Company's fabric business across various categories like Denims, Shirtings and Khakis till date has been purely a 'B-to-B' business. Soon the fabric is converted into a garment, it loses its identity.

With a view to remain ahead of competition, it is necessary to build branded fabric business in a big way. Therefore it is looking at a B-to-C model and to go for a branding exercise. This will help build brand-equity with the ultimate consumer which in turn will help to get 'stickiness' in fabric business. It will take a long time for organized garment retail business to reach tier two and tier three towns in India. To serve consumers in such towns and take a large market share the Company believes RTS to be the best model.

Launching RTS business will require following:

1. Identifying the right products for trousering and shirting
2. Setting-up the manufacturing and logistics for these products
3. Identifying the right channel partners (distributors, retailers etc)
4. Setting-up systems and processes
5. Hiring a sales team
6. Branding and marketing

The Company requires a business leader to handle RTS project. Mr. Kulin Lalbhai has been identified to work for this project and therefore he has been considered for appointment as Chief Manager - Retail. Mr. Kulin Lalbhai holds a Bachelor Degree in Electrical Engineering from Stanford University, U. S. A. In terms of requirements of Section 314(1B) of the Companies Act, 1956 read with Directors' Relatives (Office or Place of Profit) Rules, 2003, the Selection Committee has conducted its selection process and has decided to recommend the Board of Directors to appoint Mr. Kulin Lalbhai as Chief Manager - Retail with effect from 1st October, 2009 or from such date as the Central Government may approve while according its approval, on the remuneration (including perquisites) mentioned in the resolution.

The scale of basic salary and the perquisites to which Mr. Kulin Lalbhai will be entitled, as mentioned in the Special Resolution in Item No. 6 of the Notice, are the same as are applicable to other employees of the Company in the same grade who have similar qualification and experience. Mr. Kulin Lalbhai shall also be subject to all other service conditions as applicable to any other employee of the Company. The Company will be obtaining an undertaking from Mr. Kulin Lalbhai that he shall be in the exclusive employment of the Company and will not hold a place of profit in any other Company.

Since Mr. Kulin Lalbhai is related to Mr. Sanjay S. Lalbhai, Chairman and Managing Director of the Company, being his son and since the remuneration (including perquisites) payable to Mr. Kulin Lalbhai as an employee of the Company will be in excess of Rs. 50,000/- per month, Mr. Kulin Lalbhai will be deemed to be holding an office or place of profit in the Company within the meaning of Section 314 of Companies Act, 1956 and holding of such an office or place of profit requires the prior consent of the Company by a Special Resolution and the prior approval of the Central Government. In the circumstances, consent of the members is being sought for Mr. Kulin Lalbhai to hold such an office or place of profit in the Company. Accordingly, Special Resolution set out in Item No. 6 of the Notice is submitted to the meeting.

The proposed holding of office or place of profit by Mr. Kulin Lalbhai will also be subject to the prior approval of the Central Government for which necessary application will be made by the Company. The Special Resolution set out in the Notice also authorizes the Board of Directors to accept such modifications or amendments or variations in the terms and conditions of appointment of Mr. Kulin Lalbhai, as may be suggested by the Central Government while according its approval and as may be accepted by Mr. Kulin Lalbhai. Your Directors commend the resolution for your approval.

Except Mr. Sanjay S. Lalbhai, Chairman and Managing Director of the Company, no other director is concerned or interested in this resolution.

Item No.7

Members are aware that rapid changes in business environment have forced the company to reduce cost by reducing workforce as well as reduce other discretionary expenses. The retrenched workforce is being paid retrenchment compensation based on terms agreed with employee unions. Non Unionised staff are being paid retrenchment compensation based on prevailing industry practise. In the books of accounts, the outstanding balance lying in the Retrenchment Compensation Account as at 31st March, 2009 is Rs 10.07 crores. The retrenchment exercise, aimed at increasing productivity and reducing cost is likely to result in to substantial payments. Considering that this cost is one time in nature and will provide enduring benefit to company, it is proposed to set off the amount paid for retrenchment compensation not exceeding Rs.30 crores. The Company has incurred cost on various projects that it intended to implement. However, considering the current recessionary conditions, the company has decided not to implement such projects. Additionally, over past several years the company has disputed tax and duty liabilities and company anticipates that such amounts may have to be paid and in cases where advance payments have been made, the same may not be refunded. Considering that the project expenses and tax claims/disputes are normal operating items, the company proposes to set off such amounts not exceeding Rs. 30 crores against Securities Premium Account.

Members are informed that as on 31st March, 2009, the company has a balance of Rs. 693.53 crores lying in the Securities Premium Account. It is further informed that out of the Issue of Warrants to Promoters on Preferential basis, the promoters have converted 75 lacs warrants into equity shares after 31st March, 2009 and hence there would be an addition in the Securities Premium Account. It is proposed that balance in Securities Premium Account as on 31st March, 2009 and addition therein after 31st March, 2009 be partially utilised for total amounts not exceeding Rs. 60 crores comprising setting off the balance of retrenchment compensation up to Rs. 30 crores and project expenses, unrealizable tax credits and other disputed claims upto Rs. 30 crores directly in the balance sheet.

The Board of Directors of the Company at its meeting held on 31st July 2009 has approved the utilisation of Securities Premium Account as above in accordance with the provisions of Section 78, Section 100 and other applicable provisions of the Companies Act, 1956 and subject to such other statutory and contractual approvals as may be required. The Board is being authorised to incorporate the above adjustments in the books of accounts for the year 2009-10 or in such period or on such date as may be approved by the Hon'ble High Court of Gujarat. After the proposed adjustments/ set-off, the Securities Premium Account will stand reduced accordingly.

The Articles of Association of the Company permits reduction of the share capital as well as application of Securities Premium Account of the Company in any manner as permitted by law and subject to the approval of the shareholders. Section 78 of the Companies Act, 1956 permits the application / utilisation of the Securities Premium Account for certain specific purposes, subject to the approval of the shareholders and the application / utilisation of the balance in this account for other purposes would be treated as a reduction of capital under Section 100 of the Companies Act, 1956. The present proposal would fall under this category of reduction of capital under Section 100. Therefore, after obtaining the approval of the shareholders for the above Resolution, the Company would seek the confirmation of the Hon'ble High Court of Gujarat under Section 100. The proposal would be given effect to, only after receiving the confirmation of the Hon'ble High Court of Gujarat and filing the Order confirming the above with the Registrar of Companies, Gujarat.

In view of the reasons as set out hereinabove, the proposal of utilisation of Securities Premium Account of the Company will appropriately and suitably rationalize and adjust the relationship between the capital and assets of the Company. On the other hand, it is not likely to have any adverse impact on the net worth of the Company. The proposal does not involve any cash outflow and hence would not affect the ability or liquidity of the Company to meet its obligations/ commitments in the normal course of business. The Board hence recommends the above resolution for approval by the members.

None of the Directors of the company is deemed to be interested or concerned in the proposed Resolution.

Registered Office:
Naroda Road,
Ahmedabad-380 025

Date : 31th July, 2009

By Order of the Board

SANJAY S. LALBHAI
Chairman & Managing Director

Directors' Report

To the Members,

Your Directors are pleased to present the Annual Report along with the Audited Financial Statements for the period from 1st April, 2008 to 31st March, 2009.

1. FINANCIAL RESULTS

Highlights of Financial Results for the year are as under:

Rs. in Crores

	2008-2009	2007-2008
Turnover & Operating Income	**2344.99**	2290.33
Profit before Depreciation, Interest, Exceptional Items & Taxation	**308.75**	307.50
Less : Interest and Finance costs	**222.13**	131.40
Gross Profit after Interest & Finance costs but before Depreciation, Exceptional Items & Taxation	**86.62**	176.10
Less : Depreciation/ Impairment	**122.05**	136.64
(Loss)/ Profit before Exceptional Items & Taxation	**(35.43)**	39.46
Add/(Less) : Prior Period Income / (Expense)	**0.95**	(0.54)
Less : Exceptional Items (Net)	**11.53**	9.31
(Loss)/Profit before Tax	**(46.01)**	29.61
Less : Current Tax	**0.00**	3.10
Less : Deferred Tax	**0.00**	0.00
Less: Fringe Benefit Tax	**1.86**	2.25
Add: MAT Credit Entitlement	**0.00**	3.10
(Loss)/ Profit for the year	**(47.87)**	27.36
Balance of Profit brought forward	**434.92**	425.00
Less : Transfer to Capital Redemption Reserve	**13.20**	13.20
Add: Transfer from Debenture Redemption Reserve	**0.15**	0.00
Less: Provision for Leave Encashment	**0.00**	1.34
Less : Transitional Provision on adoption of AS-30	**80.10**	0.00
Less : Transitional Provision on exercise of option of AS-11	**9.59**	0.00
Balance available for appropriation	**284.31**	437.82
Your Directors appropriate the same as under :		
Interim Dividend on Preference Shares paid	**1.68**	2.48
Tax on Interim Dividend	**0.29**	0.42
Proposed Dividend on Equity Shares	**0.00**	0.00
Tax on proposed Dividend	**0.00**	0.00
Additional Dividend on Equity Shares	**0.00**	0.00
Tax on Additional Dividend	**0.00**	0.00
Balance carried forward to next year	**282.34**	434.92
Total	**282.34**	434.92

2. OPERATIONS

Your company has been able steer through financial year 2008-09, which was another challenging year. Sharp rise in cotton costs, higher energy cost due to non availability of gas, fall in demand from our customers and sharp fluctuations in the exchange rate led to reduced operating margins as well as higher interest and finance cost.

The company has registered a Net Loss after Extra-ordinary Items of Rs. 48 Crores compared to Net Profit of Rs. 27 Crores in the previous financial year.

A detailed analysis of the financial results is given in the Management Discussion and Analysis Report which forms part of this report.

3. DIVIDENDS

Dividend aggregating to Rs. 1.68 crores on 66,00,000 6% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100/- each has been paid by the Company as interim dividend for the year 2008-09. Your Directors recommend that the interim dividend be fully adjusted as final dividend for the year ended on 31st March, 2009.

Considering the loss incurred by the Company, your Directors do not recommend any dividend on Equity Shares for the year.

4. FINANCE

During the year, your company has repaid the installments of Term Loans amounting to Rs. 180 crores falling due during the current year. The Company has also made fresh borrowings of Rs. 171 Crores for funding capital expenditure and other requirements. Long Term Debt including lease of the company stands to Rs. 1193 crores as on 31st March, 2009

The Company has worked out the reschedulement of certain long term debts in consultation with the lenders. As a result of this reschedulement, the repayments will be extended by about 3 years.

5. EMOLOYEE STOCK OPTION SCHEME (ESOS)

The Company has instituted the Employees Stock Option Scheme-(ESOS) to grant equity based incentives to certain eligible employees and directors of the Company and its subsidiary companies. The ESOS as finally approved by the shareholders on 23rd October, 2007, provides for grant of 28 lacs options to certain eligible employees and directors of the company and its subsidiary companies by the Remuneration Committee at an exercise price of Rs.14.65 each, representing one share for each option upon exercise. The details as per the requirements of SEBI Guidelines are annexed and form part of this report.

6. SUBSIDIARIES

A detailed discussion on subsidiary companies and their performance during the year is contained in the Management Discussion and Analysis Report which forms part of this Report.

Pursuant to Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India the Company has prepared Consolidated Financial Statements of the Company and its subsidiaries are included in the Annual Report.

In view of the closure of business and disposal of the business undertaking, the accounts of Arvind Overseas (Mauritius) Limited, Arvind Spinning Limited and Lifestyle Fabrics Limited, have not been prepared on the going on concern basis. Arvind Textile Mills Limited has not commenced its business. Hence, the accounts of these subsidiary companies have not been consolidated with accounts of the company as per the provisions of the Accounting Standard 21 relating to consolidation of accounts.

7. DIRECTORS

Mr. K.M. Jayarao, a Nominee Director of ICICI Bank Ltd. has ceased to be a Director with effect from 26th March, 2009 due to withdrawal of nomination by ICICI Bank Ltd. The Board places on record its deep sense of appreciation for the valuable services rendered by Mr. K.M. Jayarao during his tenure as Director.

At the ensuing Annual General Meeting, Mr Sudhir Mehta and Mr. Tarun Sheth, Directors of the Company, retire by rotation and being eligible seek re-appointment.

8. CORPORATE GOVERNANCE

Your Company is committed to the tenets of good Corporate Governance and has taken adequate steps to ensure that the requirements of Corporate Governance as laid down in Clause 49 of the Listing Agreement are complied with.

A separate report on Corporate Governance and a Management Discussion and Analysis Report are being published as a part of the Annual Report of the Company.

The Auditors of the Company have certified that conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are complied by the Company and their Certificate is annexed to the Report on Corporate Governance.

9. RESPONSIBILITY STATEMENT

The Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards.
2. such accounting policies have been selected and applied consistently and such judgements and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2009 and of the profit of the Company for that period.
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the statements of accounts for the year ended on 31st March, 2009 have been prepared on a going concern basis.

10. FIXED DEPOSITS

The Company did not accept any deposits during the year. Out of the unclaimed fixed deposits of Rs.0.02 crores, the Company has repaid deposits of Rs.0.0157 crores during the year and the balance deposit of Rs. 0.0005 crores involving 1 depositor is still lying unclaimed with the Company.

11. INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND EMPLOYEES

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this report. However, as per the provisions of Section 219 (1)(b) (iv), the report and accounts are being sent to all shareholders of the Company excluding the information relating to conservation of energy, technology absorption and foreign exchange earning and outgo, and the statement of particulars of employees. Any shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Secretary for a copy.

12. AUDITORS

The Auditors, Sorab S. Engineer & Co., retire and offer themselves for re-appointment. It is proposed that Sorab S. Engineer & Co., be re-appointed as auditors of the Company. You are requested to appoint the auditors and fix their remuneration.

13. ACKNOWLEDGEMENT

Your Directors are sincerely thankful to the Financial Institutions, Commercial Banks, Overseas Banks for the faith reposed in the Company and for their continued support. Your Directors also place on record their deep sense of appreciation for the services rendered by the employees of the company.

By Order of the Board

Place : Ahmedabad
Date : 29th May, 2009

Sanjay S. Lalbhai
Chairman and Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Disclosures under Clause 12.1 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

1	Number of Options granted	27,50,000 options
2	Pricing Formula	Market Price as defined under SEBI Guidelines
3	Number of Options vested	Nil
4	Number of Options exercised	Nil
5	Total number of shares arising out of exercise of Options	Nil
6	Number of Options lapsed	Nil
7	Variation in the terms of the Options	No variations made.
8	Money realized by exercise of Options	Nil
9	Total number of Options in force	27,50,000 options
10	Employee wise details of options granted to -	
a	Senior Management Personnel	Mr. Jayesh Shah – 10,00,000 options
b	Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	Nil
c	Identified employees who were granted options, 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
11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 – Earnings Per Share	Rs.(1.91)
12	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Company accounts for options under the intrinsic value method. Since options are granted at market price, the intrinsic value is Nil. However, if fair value of the options (computed using the Black Scholes Option Pricing Model) was to be used for calculating the accounting value of the option, the compensation cost would have been Rs.35.53 lacs and the losses would have been higher by Rs.35.53 lacs Basic and diluted EPS would have reduced to Rs.(2.29) and Rs.(1.93) respectively.
13a	Weighted average exercise prices for options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price	 Rs.14.65 Nil Nil
13b	Weighted fair values for options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price	 Rs.7.54 Nil Nil
14	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 - i. risk free rate ii. expected life iii. expected volatility iv. expected dividends and v. the price of the underlying share in the market at the time of option grant.	Black Scholes Option Pricing Model. The assumptions are as under – 7.63% 4.51 years 55.36% 0.50% Rs. 14.65

Corporate Governance Report

Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to attain the highest levels of transparency, accountability and integrity. This objective extends, not merely to meet with statutory requirements but also to go beyond them by putting into place procedures and systems which are in accordance with best practices for governance. Corporate Governance at Arvind means being responsive to aspirations of all the stakeholders – customers, suppliers, lenders, employees, the shareholders and expectations of the society. The Board of Directors supports the broad principles of Corporate Governance and lays strong emphasis on its trusteeship role to align and direct the actions of the organisation to achieve its avowed objectives of transparency, accountability and integrity. Given below is the report on Corporate Governance at Arvind.

Board of Directors

Composition of the Board

The Board has 7 Directors, comprising of 2 Executive Directors viz. 1 Managing Director and 1 Director and Chief Financial Officer and 5 Non-Executive Directors. The Non-Executive Directors who are also Independent Directors are leading professionals from varied fields who bring in independent judgment to the Board's discussions and deliberations.

The following is the Composition of the Board as at 31st March, 2009 :

No.	Name of Director	Executive/Non-executive/ Independent	No. of other Directorships in Public Limited Companies	No. of other Board/ Committees of which Member / Chairman
1	Mr. Sanjay S. Lalbhai	Executive-Chairman & Managing Director	2	–
2	Mr. Jayesh K. Shah	Executive-Director and Chief Financial Officer	13	–
3	Mr. Sudhir Mehta	Non-executive-Independent Director	4	1 as Chairman
4	Mr. Tarun Sheth	Non-executive-Independent Director	5	3 as Chairman and 6 as Member
5	Mr. K. M. Jayarao*	Non-executive - Nominee of ICICI Bank Ltd.	–	–
6	Mr. S. R. Rao	Non-executive-Independent Nominee of EXIM Bank of India	1	–
7	Mr. G. M. Yadwadkar	Non-executive-Independent Nominee of IDBI Bank Ltd.	3	1 as Member
8	Mr. Munesh Khanna	Non-executive-Independent Director	1	–

* Mr. K. M. Jayarao, a Nominee Director of ICICI Bank Ltd. has ceased to be a Director with effect from 26th March, 2009.

Board Agenda

The annual calendar of Board and Committee Meetings is agreed upon at the beginning of each year. Meetings are governed by a structured Agenda and a Board member may bring up any matter for consideration of the meeting in consultation with the Chairman. Agenda papers are generally circulated to the Board members at least 4-5 working days in advance. Detailed presentations are made at the meetings on all major issues to enable the Board to take informed decisions. An indicative list of the information placed before the Board during the year is as under:

- Annual Budgets and updates thereon.
- Capital expenditure proposals and review of their implementation.
- Quarterly and Annual Results.
- Product-wise business performance.
- Business presentations covering production, marketing, raw materials, sales, etc.
- New projects and joint ventures.
- Sales of material nature of investments, subsidiaries, assets, etc. which are not in the normal course of business.
- Performance of subsidiaries.

- Business restructuring.
- Legal proceedings involving the Company.
- Minutes of meetings of Audit Committee, Management Committee, Remuneration Committee and Investors' Grievance Committee.
- Materially important show cause notices, non-compliances, if any, etc.
- Other relevant information pertaining to the Company including information detailed in Clause 49 of the Listing Agreement.

Meetings and Attendance

During the year, the Board of Directors met 5 times on 10th May, 2008, 31st July, 2008, 25th October, 2008, 28th November, 2008 & 29th January, 2009. The gap between two Board Meetings was within the maximum time gap prescribed in Clause 49 of the Listing Agreement.

The Attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under:

Sr. No.	Name of Director	Number of Board Meetings held during the period when the Director was on the Board	Number of Board Meetings attended	Whether present at the previous AGM
1	Mr. Sanjay S. Lalbhai	5	5	Yes
2	Mr. Jayesh K. Shah	5	5	Yes
3	Mr. Sudhir Mehta	5	3	No
4	Mr. Tarun Sheth	5	5	Yes
5	Mr. K. M. Jayarao	5	Nil	No
6	Mr. S. R. Rao	5	4	Yes
7	Mr. G. M. Yadwadkar	5	3	No
8	Mr. Munesh Khanna	5	4	Yes

Committees of the Board

The Board of Directors has constituted 4 Committees of the Board viz.

- Audit Committee
- Remuneration Committee
- Investors' Grievance Committee and
- Management Committee

The Board determines the terms of reference of these Committees from time to time. Meetings of these Committees are convened by the respective Committee Chairman/Company Secretary. At each Board Meeting, minutes of these Committees are placed before the Directors for their perusal and noting.

1. Audit Committee

The Audit Committee of the Company comprises of 3 members, all of whom are Non-Executive Independent Directors. Mr. Tarun Sheth, an Independent Director acts as Chairman of the Committee. The Committee members are professionals having requisite experience in the fields of Finance and Accounts, Banking and Management.

The Audit Committee met 4 times during the year. The Director and Chief Financial Officer and representatives of Internal and Statutory Auditors are invitees to Audit Committee meetings and the Company Secretary acts as the Secretary of the Audit Committee.

Role

The terms of reference of the Audit Committee are as under:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
   (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.

(b) Changes, if any, in accounting policies and practices and reasons for the same.

(c) Major accounting entries involving estimates based on the exercise of judgment by management.

(d) Significant adjustments made in the financial statements arising out of audit findings.

(e) Compliance with listing and other legal requirements relating to financial statements.

(f) Disclosure of any related party transactions.

(g) Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up thereon.

9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

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

12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

    Explanation (I) : The terms “related party transactions” shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

    Explanation (ii) : If the company has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

14. Management discussion and analysis of financial condition and results of operations.

15. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.

16. Management letters / letters of internal control weaknesses issued by the statutory auditors.

17. Internal audit reports relating to internal control weaknesses; and

18. The appointment, removal and terms of remuneration of the Chief Internal auditor shall be subject to review by the Audit Committee.

19. To look into any other matter which may be referred to it by the Board.

20. In addition to the above, the Committee shall have such functions / role / powers as may be specified in the Companies Act, Listing Agreement with Stock Exchanges or any other applicable law.

Meetings and Attendance

During the year, 4 Audit Committee Meetings were held on 10th May, 2008, 31st July, 2008, 25th October, 2008 & 29th January, 2009.

The Attendance of Members at meetings was as under:

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1	Mr. Tarun Sheth	Chairman	4	4
2	Mr. K. M. Jayarao**	Member	4	Nil
3	Mr. S. R. Rao	Member	4	3
4	Mr. Munesh Khanna	Member	4	3
5	Mr. Sudhir Mehta*	Member	1	1

* Mr. Sudhir Mehta was appointed as a Member of the Audit Committee only for the meeting held as on 25th October, 2008.

** Mr. K. M. Jayarao, a Nominee Director of ICICI Bank Ltd. has ceased to be a member of the Committee w.e.f. 26th March, 2009.

2. Remuneration Committee

The Board of Directors of the Company has constituted a Remuneration Committee consisting of 3 Directors, all of whom are Non-Executive Independent Directors. The Remuneration Committee met twice during the year.

Role

The terms of reference of the Remuneration Committee are as under :

1. To frame company's policies for compensation and benefits for Executive Directors.
2. To Review and recommend compensation payable to the Executive Directors.
3. To administer and supervise Employee Stock Option Schemes (ESOS) including framing of policies related to ESOS and reviewing grant of ESOS.
4. To Review HR Policies and initiatives.

Meetings and Attendance

During the year, 2 meetings were held on 10th May, 2008 & 25th October, 2008.

The Attendance of Members at the meeting was as under:

Sr. No.	Name	Position	No. of Meetings Held during relevant period	No. of Meetings Attended
1	Mr. Sudhir Mehta	Chairman	2	2
2	Mr. Tarun Sheth	Member	2	2
3	Mr. Munesh Khanna	Member	2	1

Remuneration of Directors

Remuneration of Executive directors is recommended by the Remuneration Committee and approved by the Board of Directors and the Shareholders of the Company.

The terms of remuneration of the Managing Director were fixed by the Board of Directors and the same were approved by the Shareholders at the Annual General Meeting held on 29th September, 2005 when he was appointed for a further period of five years beginning from 1st January, 2005. Company has entered into an agreement with the Managing Director laying down his tenure, remuneration, and other terms. The terms of his remuneration were revised by the Board of Directors and the same were approved by the Shareholders at the Annual General Meeting held on 29th September, 2007.

The Remuneration Committee and the Board of Directors at their respective meeting held on 10th May, 2008 and Shareholders at the Annual General Meeting held on 31st July, 2008, have approved remuneration payable to Mr. Jayesh K. Shah, Whole-time Director with designation as Director and Chief Financial Officer of the Company for a period of three years from 1st October, 2008 to 30th September, 2011. Company has entered into an agreement with him laying down his tenure, remuneration and other terms.

The remuneration of Non Executive Directors is determined by the Board and is also approved by the Shareholders in General Meeting. Non Executive Directors were paid Sitting Fees of Rs.5,000/- for every meeting of Board of Directors or Committee attended by them. Apart from this, Non Executive Directors (other than Chairman, Managing Director, Whole Time Director and Nominee Directors), are entitled to be paid commission not exceeding 1% of the net profits of the Company per annum for each year for a period of 5 years commencing from 1st January, 2008.

Within the above limit, Executive Directors and Non-Executive Directors have been paid commission for the year as under :

Sr. No.	Name of Director	Salary Rs.	Perquisites & Allowances Rs.	Sitting Fees Rs.	Commission/ Bonus Rs.	Total Rs.
1	Sanjay S. Lalbhai** (Chairman & MD)	3300000/-	2887450/-	Nil	Nil	6187450 /-
2	Mr. Jayesh K. Shah***	3000000/-	2018278/-	Nil	Nil	5018278/-
3	Mr. Sudhir Mehta	Nil	Nil	30000/-	Nil	30000/-
4	Mr. Tarun Sheth	Nil	Nil	70000/-	Nil	70000/-
5	Mr. K. M. Jayarao*	Nil	Nil	Nil	Nil	Nil
6	Mr. S. R. Rao	Nil	Nil	35000/-	Nil	35000/-
7	Mr. G. M. Yadwadkar	Nil	Nil	15000/-	Nil	15000/-
8	Mr. Munesh Khanna	Nil	Nil	40000/-	Nil	40000/-

• Mr. K.M.Jayarao, a Nominee Director of ICICI Bank Ltd. has ceased to be a Director w.e.f. 26th March, 2009.

** Service Contract is for five years, notice period – three months, compensation for loss of office to be determined in accordance with Section 318 of the Companies Act, 1956.

*** Service Contract is for three years, notice period – three months, compensation for loss of office to be determined in accordance with Section 318 of the Companies Act, 1956.

3. Investors' Grievance Committee

The Investors' Grievance Committee has 4 Members comprising of 2 Non-Executive Directors and 2 Executive Directors. Mr. Tarun Sheth, an Independent Director, acts as Chairman of the Committee.

Role

The terms of reference of the Investors' Grievance Committee are as under:

1. To specifically look into the redressal of Investors' Grievances pertaining to :
   - Transfer of shares and debentures
   - Dividends, interests and redemption proceeds of debentures
   - Dematerialisation of shares and debentures
   - Replacement of lost, stolen, mutilated share and debenture certificates
   - Non-receipt of rights, bonus, split share certificates
2. To look into other related issues towards strengthening investors' relations.
3. To consider and approve issuance of share/debenture certificates including duplicate share/debenture certificates.
4. To look into the reasons for any defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

Meetings and Attendance

During the year, 3 Investors' Grievance Committee Meetings were held on 31st July, 2008, 25th October, 2008 & 29th January, 2009.

The Attendance of Members at meetings was under:

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1.	Mr. Tarun Sheth	Chairman	3	3
2.	Mr. Sanjay S. Lalbhai	Member	3	3
3.	Mr. Jayesh K. Shah	Member	3	3
4.	Mr. Sudhir Mehta*	Member	3	2

* Mr. Sudhir Mehta was appointed as a member of the Investors' Grievance Committee w.e.f 4th April, 2008.

4. Management Committee

The Management Committee consists of 2 Directors, all of whom are Executive Directors. The Management Committee met 21 times during the year.

Role

The Management Committee's primary role is to look after the day-to-day business activities of the Company within Board approved direction/ framework. The Committee meets frequently, as and when need arises to transact matters within the purview of its terms of reference.

Meetings and Attendance

During the year, 21 Management Committee Meetings were held on various dates.

The Attendance of Members at meetings as under:

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1	Mr. Sanjay S. Lalbhai	Member	21	21
2	Mr. Jayesh K. Shah	Member	21	21

MANAGEMENT DISCUSSION AND ANALYSIS

This is given as a separate chapter in the Annual Report.

Brief Resume of Directors seeking Re-appointment/ Appointment

Information required under Clause 49 IV (G) of the Listing Agreement with respect to the Directors retiring by rotation and seeking reappointment / Directors sought to be appointed is as under:-

At the ensuing Annual General Meeting, Mr. Sudhir Mehta and Mr. Tarun Sheth, Directors of the Company, retire by rotation and being eligible seek re-appointment.

Brief profiles of the above Directors alongwith particulars of their directorships and committee memberships are as under :

Mr. Sudhir Mehta

Mr. Sudhir Mehta, is a graduate from the Gujarat University. He was instrumental in the growth and progress of Torrent Pharmaceuticals Ltd., the Flagship Company of the Torrent Group. He systematically expanded the power business of Torrent Group by acquiring significant stakes in Torrent Power AEC Limited, Torrent Power SEC Ltd. and Torrent Power Generation Limited now merged with Torrent Power Limited and one amongst the few successful independent power projects in India. He has managed strategic alliance with leading international giants from U.K., Germany, France and USA.

He is Executive Chairman of Torrent Power Limited, Chairman of Torrent Pharmaceuticals Limited, Torrent Pipavav Generation Limited and Torrent Energy Limited & Torrent Private Limited.

Sr. No.	Name of the Company	Name of the Committee	Committee Membership
1	Torrent Power Limited	-	-
2	Torrent Pharmaceuticals Limited	Security & Investors' Grievance Committee	Chairman
3	Torrent Pipavav Generation Ltd.	Committee of Directors	Member
4	Torrent Energy Ltd.	-	-
5	Torrent Private Limited	-	-

Mr. Tarun Sheth

Mr. Tarun Sheth is a Non-executive and Independent Director of the Company. He has a masters degree in Arts (Sociology) from M.S University and ITP Harvard Business School, USA. He is a Management Consultant. He was a President of Bombay Management Association and a member of professional bodies like Indian Society for Applied Behavioral Science, Indian Society for Training and Development and Bombay Management Association. He is on Board of various Companies. He is a former faculty member of Motorola University and has trained Motorola managers in the US, Europe, Australia, China, Taiwan, Singapore and India. He has been with the Company since 27th October, 2005.

Sr. No.	Name of the Company	Name of the Committee	Committee Membership
1	Hitachi Home Life Solutions India Ltd.	1. Audit Committee 2. Remuneration Committee 3. Investor Grievance Committee	Member Chairman Member
2	Renfro India Limited	1. Audit Committee 2. Remuneration Committee	Member Member
3	Textrade India Limited	1. Audit Committee 2. Remuneration Committee	Member Chairman
4	Kerala Ayurveda Limited	1. Audit Committee 2. Remuneration Committee	Member Chairman
5	Arvind Brands Limited	-	-

Prevention of Insider Trading

In accordance with SEBI (Prohibition of Insider Trading) Regulations, 1992, the Board has adopted the following codes:

- **Arvind Code for Prevention of Insider Trading –** Under this code, obligations are cast upon Directors and Officers to preserve Price Sensitive Information, which is likely to have a bearing on share price of the Company. Procedures are prescribed to ensure that such information is not misused for any personal advantage. The Head (Legal & Secretarial) has been appointed as the Compliance Officer for monitoring implementation of the Code across the Company.
- **Arvind Code of Corporate Disclosures –** This code lays down principles and procedures with the objective of ensuring that the Price Sensitive Information related to the Company is handled in prescribed manner. Adequate disclosure of such information is sought to be made to the Public through Stock Exchanges, Press, Media and the Arvind web-site in a timely manner to enable the investors to take informed investment decisions with regard to the Company's Securities. The Director and Chief Financial Officer has been appointed as the Company's Public Spokesperson under this Code.

- **Code of Conduct For Directors and Senior Management Personnel**

In terms of para No. I - D of Clause 49 of the Listing Agreement, the Board of Directors of the Company has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The said Code of Conduct has been posted on the website of the Company. The Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code. The Managing Director of the Company has given a declaration to the Company that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code.

Investors may write to the Company's Secretarial Department for a copy of these Codes.

Disclosures

(i) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflicts with the interest of the Company at large :

Transactions with related parties are disclosed in detail in Note No. 21 in "Notes forming part of the Accounts" annexed to the financial statements for the year. There were no related party transactions having potential conflict with the interest of the Company at large.

(ii) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or other authority on any matter related to capital markets, during last three years : Nil.

(iii) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49 :

The Company has complied with the mandatory requirements relating to strengthening the responsibilities of Audit Committee, improving the quality of financial disclosures, including related party transactions, calling upon Company Board to adopt formal code of conduct, clearly setting out the position of nominee directors and improving disclosure relating to the compensation paid to non-executive directors and securing the approval of shareholders for this compensation, setting the procedure for legal compliance and periodical review by the Board.

The Company has not adopted the non-mandatory requirements.

Shareholders' Information

1. **Name and Designation of Compliance Officer:**

Ramnik V. Bhimani Company secretary Arvind Limited	Mr. Mukesh Trivedi / Mr. Girish Patel General Managers Pinnacle Shares Registry Pvt. Ltd. Registrars & Transfer Agents

2. **Details of Complaints / Queries received and redressed during 1st April, 2008 to 31st March, 2009 :**

Sr. No.	Particulars of Complaints / Queries	Received	Redressed	Pending as on 31.3.2009
1	Non receipt of Share Certificates	14	14	Nil
2	Non receipt of Dividend /Interest Warrants	12	12	Nil
3	Confirmation of Demat Credit	14	14	Nil
4	Non receipt of Debentures Redemption payment	Nil	Nil	Nil
5	Non receipt of letter of offer, allotment advice, share certificates etc. for Rights Issue & others	N.A.	N.A.	N.A
6	Others – Complaints received from SEBI, Stock Exchanges, NSDL, ROC, Company Law Board etc.	49	49	Nil
	Total	89	89	Nil

3. **Share Transfer Details for the period from 1st April, 2008 to 31st March, 2009:**

Transactions	Physical	Demat	Total
Number of Transfers	503	1395	1898
Average Number of Transfers per month	41	116	157
Number of Shares Transferred	43997	10450189	10494186
Average Number of shares Transferred per month	3666	870849	874515
No. of Pending Share Transfers	NIL	NIL	NIL

4. Investors' Grievances:

The Registrars and Transfer Agents under the supervision of the Secretarial Department of the Company look after investors' grievances. Mr. Mukesh Trivedi, General Manager of Pinnacle Shares Registry Private Limited is responsible for redressal of Investors' Grievances. The Company Secretary of the Company has been appointed as the Compliance Officer for this purpose. At each Meeting of the Investors' Grievance Committee, all matters pertaining to investors including their grievances and redressal are reported.

5. Information on General Body Meetings

The last 3 Annual General Meetings of the Company were held as under:

Date	Time	Venue
31st July, 2008	12:30 PM	Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 38006
29th September, 2007	10:00 AM	Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad-38006
30th September, 2006	11:00 AM	Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad-38006

Whether special resolutions were put through postal ballot last year, details of voting pattern:

Resolutions at above Annual General Meetings were passed by show of hands. None of the Resolutions placed before the previous AGM required a postal ballot under Section 192A of the Companies Act, 1956. Similarly, no special resolution requiring a postal ballot is being proposed at the ensuing AGM.

Details of Extra Ordinary General Meetings :

During last 3 years, Two Extra Ordinary General Meetings were held as under :

Date	Time	Venue
23rd October, 2007	10:00 AM	Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 38006
12th May, 2009	10.00AM	Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 38006

6. Means of communication

i. The Quarterly Results are published in the Financial Express - All India Editions and Financial Express Gujarati Edition of Ahmedabad and are also posted on the Company's website at www.arvind.com.

ii. Information released to the press at the time of declaration of results is also sent to all Stock Exchanges where the shares of the Company are listed for the benefit of investors. Moreover, the Company's web-site hosts a special page giving information which investors usually seek.

iii. Presentations made to institutional investors/analysts are posted on the Company's web- site at www.arvind.com

7. Annual General Meeting :

Date	25th September, 2009
Time	11.00 a.m.
Venue	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006

8. Financial Calendar :

The Financial Year of the Company is for a period of 12 months from 1st April to 31st March.

First quarter results	:	By end of July, 2009
Second quarter results	:	By end of October, 2009
Third quarter results	:	By end of January, 2010
Fourth quarter results / Year end results	:	Second Week of May, 2010

9. Book Closure: Monday, the 14th September, 2009 to Thursday, the 24th September, 2009 (Both days inclusive).

10. Dividend payment Date: Not Applicable as the Board has not recommended any dividend for the financial year.

11. Listing on Stock Exchanges :

Shares of the Company are listed on the following Stock Exchanges.

Sr. No	Name of the Stock Exchange	Code	Address
1.	Ahmedabad Stock Exchange Ltd. (Regional Stock Exchange)	05090	Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad-380 015
2.	Bombay Stock Exchange Ltd.	500101	Phiroze Jeejeebhoy Tower, Dalal Street Mumbai – 400 001
3.	National Stock Exchange of India Ltd.	ARVIND	Exchange Plaza, 5th Floor, Plot No.C/1, G. Block, Bandra – Kurla Complex Bandra (E) Mumbai – 400 051
4.	The Luxembourg Stock Exchange (Listing of GDRs)		11, Avenue de la Porte-Neuve L-2227 Luxembourg

The company has paid Annual Listing Fees for the year 2009-2010 to the above Stock Exchanges.

12. Market Price Data:

The data on price of equity shares of the Company are as under :

High, Low during each month in last financial year and Performance in comparison to broad-based indices such as BSE (Sensex) and NSE (Nifty) :

	Share price BSE		BSE (Sensex)		Volumes	Share price NSE		NSE (Nifty)		Volumes
Month	High (Rs.)	Low (Rs.)	High	Low	No of shares	High (Rs.)	Low (Rs.)	High	Low	No of shares
Apr-08	57.80	37.20	17480.74	15297.96	38400796	57.90	37.20	5230.75	4628.75	69358152
May-08	56.30	44.60	17735.70	16196.02	40016292	56.20	44.55	5298.85	4801.90	76778536
Jun-08	45.80	31.80	16632.72	13405.54	17420700	45.70	31.80	4908.80	4021.70	31932324
Jul-08	36.90	26.90	15130.09	12514.02	13840563	36.90	23.60	4539.45	3790.20	25298144
Aug-08	40.60	33.20	15579.78	14002.43	12898270	41.00	33.15	4649.85	4201.85	22248228
Sep-08	36.50	22.10	15107.01	12153.55	10214251	36.45	22.20	4558.00	3715.05	20943052
Oct-08	25.80	12.90	13203.86	7697.39	9219812	25.60	12.95	4000.50	2252.75	18972676
Nov-08	20.00	12.86	10945.41	8316.39	9972446	20.00	12.85	3240.55	2502.90	20507880
Dec-08	18.15	12.95	10188.54	8467.43	17336556	18.30	12.90	3110.45	2570.70	29366980
Jan-09	18.90	13.35	10469.72	8631.60	9559857	20.45	13.45	3147.20	2661.65	18738960
Feb-09	16.90	13.40	9724.87	8619.22	15466278	16.85	13.25	2969.75	2677.55	25812380
Mar-09	14.20	10.60	10127.09	8047.17	14546362	14.20	10.35	3123.35	2539.45	28429576

13. Registrars and Transfer Agents :

Pinnacle Shares Registry Private Limited

AAA Hospital Premises, Naroda Road

Ahmedabad – 380 025.

Contact Persons: Mr. Mukesh Trivedi / Mr. Girish Patel

Phone Numbers: 079- 22200582 / 22204226

E-mail: mukesh.trivedi@psrpl.com

14. Delegation of Share Transfer Formalities :

Since the Company's shares are compulsorily traded in the demat segment on stock exchanges, bulk of the transfers take place in the electronic form.

For expediting physical transfers, the Board has delegated share transfer formalities to certain officers of the Company who attend to them at least 3 times in a month. Physical transfers are effected within the statutory period of one month. The Board has designated the Company Secretary as the Compliance Officer.

15. **Shareholding Pattern as on 31st March, 2009 :**

Sr. No.	Category	No. of shares held	Percentage of Shareholding
	Holding of Promoter Group ('Group' as per MRTP Act, 1969)		
1.	**Individuals:**		
	Mr. Arvind N. Lalbhai	88	0.00
	Mr. Sanjay S. Lalbhai	152	0.00
	Mr. Samveg A. Lalbhai	172404	0.08
	Mr. Shrenik K. Lalbhai	1414	0.00
	Relatives of above Individuals*	90630	0.04
2	**Major Bodies Corporate and Trusts:**		
	Aura Securities Private Limited	60615274	27.68
	AML Employees' Welfare Trust	6327624	2.89
	Agrimore Limited	636000	0.29
	Amazon Investments Limited	1830358	0.84
	Acropolis Investments Limited	274199	0.13
	Altair Investment Limited	0	0.00
	Aeon Investment Limited	1126200	0.51
	Anshuman Holdings Private Limited	400000	0.18
	Anubhav Investments Limited	889315	0.41
	Atul Limited	4127471	1.88
	Anukul Investments Private Limited	173608	0.08
	Ameer Trading Corporation Limited	0	0.00
	Jeet Holdings Private Limited	0	0.00
	Adore Investment Limited	130995	0.06
	Amardeep Holdings Private Limited	94250	0.04
	Ajax Investment Limited	0	0.00
	Anagram Capital Limited	300000	0.14
	Anagram Stockbroking Limited	125000	0.06
	Enagram Online Limited	0	0.00
	Sanjay Family Trust	100	0
	Lalbhai Realty Finance Private Limited	0	0
	Anagram Comtrade Limited	0	0
	Total Promoter Group holding	**77315082**	**35.31**
	Non Promoter holding		
3	Mutual Funds and UTI	2162367	0.99
4	Banks, Financial Institutions, Insurance Companies	21076065	9.62
5	Foreign Institutional Investors, NRIs/OCBs, Foreign Banks	7413750	3.39
6	GDR	722692	0.33
7	Private Corporate Bodies	23501429	10.73
8	Indian Public	86786156	39.63
	Total Non-Promoter holding	**141662459**	**64.69**
	GRAND TOTAL	**218977541**	**100.00**

- The names of 'Relatives of above Individuals' are as per disclosures made as on 31st March, 2009 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

- **Distribution of shareholding as on 31st March, 2009:**

	PHYSICAL MODE		ELECTRONIC MODE		TOTAL		TOTAL	
No. of shares	No. of holders	No. of shares	No. of holders	No. of Shares	No. of holders	%	No. of Shares	%
1 to 500	40955	3181423	167937	27819325	208892	87.35	31000748	14.16
501 to 1000	481	333310	16511	13684182	16992	7.10	14017492	6.40
1001 to 2000	143	194696	7072	10956374	7215	3.02	11151070	5.09
2001 to 3000	27	67051	2155	5587844	2182	0.91	5654895	2.58
3001 to 4000	19	66885	910	3294277	929	0.39	3361162	1.53
4001 to 5000	13	58937	933	4418375	946	0.40	4477312	2.04
5001 to 10000	5	32235	1108	8185447	1113	0.47	8217682	3.75
Above 10001	7	108494	881	140988686	888	0.37	141097180	64.43
Total	**41650**	**4043031**	**197507**	**214934510**	**239157**	**100.00**	**218977541**	**100.00**

16. Dematerialisation of shares and liquidity :

The Company's shares are available for dematerialisation on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Shares of the Company are compulsorily to be delivered in the demat form on Stock Exchanges by all investors. As on 31st March, 2009, **214934510** shares representing **98.15%** of the issued capital have been dematerialised by investors and bulk of transfers take place in the demat form.

Demat ISIN Numbers:

Equity Shares fully paid	:	INE034A01011
6% Non-Convertible Cumulative Preference Shares (Issued on 1st January, 2001)	:	INE034A04015
6% Non-Convertible Cumulative Preference Shares (Issued on 30th March, 2001)	:	INE034A04023

17. Outstanding GDRs/ADRs/Warrants or any convertible instruments and conversion date and likely impact on equity :

As on 31st March, 2009, 722692 GDRs (previous year 7,30,042) are outstanding. Each GDR represents one underlying equity share. On the same date, 4,10,00,000 Warrants (Previous year : 4,10,00,000) were outstanding and each warrant entitled the holder to purchase one Equity Share before 17th May, 2009. The outstanding warrants were expired on 17th May, 2009.

18. Plant Locations :

- Naroda Road, Ahmedabad - 380 025, Gujarat (Two Units).
- Santej, Taluka Kalol, Dist. Gandhinagar - 382 721, Gujarat.
- Khatrej, Taluka Kalol, Dist. Gandhinagar - 382 721, Gujarat.
- Khokhra Memdabad, Ahmedabad - 380 008, Gujarat.
- Gut No. 172, Daravali Village, Taluka Mulshi, Dist. Pune - 412 018, Maharashtra.
- 55, Whitefield Road, Mahadevapura Post, Bangalore - 560 048.
- 26/2,27/2 Kenchenahaili, Mysore Road, Near Bangalore University, Bangalore-560 059.

19. Unclaimed Dividend

(1) Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends upto and including the financial years 1993-1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants relating to any financial year upto 1993-1994 are requested to claim the amounts from the Registrar of Companies, Gujarat, ROC Bhavan, Near Ankur Bus Stand, Naranpura, Ahmedabad 380 013 in the prescribed form. Investors may write to the Secretarial Department of the Company or the Registrars and Transfer Agents for a copy of the form.

(2) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends on equity shares for the financial years 1994-1995 to 1997-1998 remaining unclaimed for 7 years from their due dates have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amount of unclaimed or unpaid dividend transferred to IEPF.

(3) The Company did not declare any dividends on equity shares for the financial years 1998-1999 to 2003-2004.

(4) The dividends on equity shares for the following years remaining unclaimed for 7 years from the dates of declaration are required to be transferred by the Company to IEPF and the various dates for transfer of such amounts are as under:

Financial Year	**Date of Declaration**	**Due for transfer to IEPF***
2004-05	29th September, 2005	10th October, 2012
2005-06	30th September, 2006	11th October, 2013

* Actual dates of transfer to IEPF may vary.

Members who have so far not enchased their dividend warrants in the respect of the above years are requested to claim their dividend from the Company. Such members may write to the Company's Registrars and Transfer Agents, Pinnacle Shares Registry Pvt. Ltd. for payment of unclaimed dividend amount.

5. The Company did not declare any dividends on equity shares for the financial years 2006-07 to 2007-08.

20. Nomination Facility

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit the prescribed Form 2B for this purpose. Shareholders may write to the Secretarial Department of the Company for a copy of the Form.

21. Address for correspondence :

Shareholders may correspond with the Company at the Registered Office of the Company or at the office of Registrars and Transfer Agents of the Company:

Arvind Limited Secretarial Department Naroda Road Ahmedabad - 380 025. Phone Nos: 079-22203030 / 22208109 Fax No. : 079-22208668 e-mail : investor@arvind.com Web-site address: www.arvind.com	Pinnacle Shares Registry Pvt. Ltd. Registrars and Transfer Agents AAA Hospital Premises Naroda Road, Ahmedabad-380 025. Phone Nos. : 079-22200582 / 22200338 Fax No. : 079-22202963 e-mail : mukesh.trivedi@psrpl.com girish.patel@psrpl.com

The above Report has been placed before the Board at its meeting held on 29th May, 2009 and the same was approved.

For and on behalf of the Board

Place : Ahmedabad **SANJAY S. LALBHAI**

Date : 29th May, 2009 Chairman & Managing Director

Compliance of conditions of Corporate Governance

To the Members of Arvind Limited
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by ARVIND LIMITED, for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **Sorab S. Engineer & Co.**
Chartered Accountants

CA. N. D. Anklesaria
Partner
Membership No. 10250

Ahmedabad
29th May, 2009

CEO/CFO Certification

The Board of Directors

Arvind Limited

Ahmedabad.

Re : Financial Statements for the year 2008-09 – Certification by CEO and CFO

We, Sanjay S. Lalbhai, Chairman & Managing Director and Jayesh K. Shah, Director & Chief Financial Officer of Arvind Limited, on the basis of review of the financial statements and the Cash Flow Statement for the financial year ending 31st March, 2009 and to the best of our knowledge and belief, hereby certify that :

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31st March, 2009 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintainin g internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that :
   (a) there have been no significant changes in internal control during this year.
   (b) there have been no significant changes in accounting policies during this year.
   (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

	Sanjay S. Lalbhai	**Jayesh K. Shah**
Place : Ahmedabad	Chairman & Managing Director	Director & CFO
Date : 29th May, 2009		

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

This is to confirm that the Company has adopted a Code of Conduct for Directors and Senior Management Personnel which is available on the Company's website.

I confirm that the Company has in respect of the Financial Year ended 31st March, 2009, received from the Members of the Board and Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

Ahmedabad	**Sanjay S. Lalbhai**
29th May, 2009	Chairman & Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

DISCLAIMER

Readers are cautioned that this discussion and analysis contains forward-looking statements that involve risks and uncertainties. When used in this discussion, the words “anticipate,” “believe,” “estimate,” “intend,” “will,” and “expected” and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements, risks and opportunities could differ materially from those expressed or implied in these forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements as these are relevant at a particular point of time and adequate restrain should be applied in their use for any decision making or formation of an opinion.

The following discussion and analysis should be read in conjunction with the Company’s financial statements included herein and the notes thereto.

OVERVIEW

2008-09 was a watershed year in the global economy with an unprecedented financial meltdown. The impacts were visible on the Indian economy too. The global economies have been shrinking and India is looking for first time in a decade at lower growth rate. The Company was during the year hit by multiple factors ranging from loss on hedged position of foreign exchange due to rapid depreciation of rupee which resulted Company being uncompetitive in global markets, rapid rise in energy cost due to global oil prices and lack of gas for firing Company’s power plants and higher cotton prices primarily due to 40% increase in MSP by government.

The end of 2008-09 has also brought back most of the things that had gone wrong during the year. The currency hedges are at market price now returning the Company to competitive sphere and the stitching together of gas supply in late January ensuring sustainable power cost and significant financial savings.

OPERATING ENVIRONMENT

Your Company operates across multiple products and businesses in diverse markets and environments. These include the Indian retail market for its branded apparel business as well as value retail operations under ‘MegaMart’ umbrella, the Indian intermediary market for fabrics, Indian brands and third party converters for its fabrics and apparels and the global market for the fabrics and apparel business.

Indian Intermediary Market

Indian intermediary Market which is directly dependent on the end performance of both modern organized apparel retail as well as the traditional organized retail has seen substantial drop in growth rate from heady 40% to lower 17% in the 9 months ended December, 2008. With the overcapacity issue to some extent being sorted out due to some fringe players exiting the business and some large players reducing substantial capacities the market has been fairly stable. Unlike anticipation the festival seasons during the year were robust though bit still below the original expectation which led to inventory accumulation in the last quarter of financial year. With the large reduction in cost of production across the product spectrum being passed on to the consumer, the volumes of trade are improving now. The election season had also brought significant resurgence in the volumes. With relatively better agrarian performance the domestic markets are much more stable than previous year.

Your Company in response to the situation in previous year had strategically reduced capacity producing commodity products and thus reducing the fixed operating cost and focusing on unique product and delivery capabilities to maintain distinctive competitive advantage. The focus on value added offering for domestic market has resulted in your Company having a sizeable and profitable domestic business compared to past practice of very large moderately profitable business.

Export Market

World trade volumes are expected to contract in 2009 for the first time since 1982. This decline is driven first and foremost by a sharp drop in demand, as the global financial crisis imposes a rare simultaneous recession in high-income countries and a sharp slowdown across the developing world. Global GDP is expected to contract by 1.7 percent in 2009, GDP among developing economies should ease from an advance of 5.8 in 2008 to 2.1 percent. Volumes of world trade in goods and services are expected to drop 6.1 percent in 2009, with a significantly sharper contraction in trade volumes of manufactured products. South Asia’s growth is expected to come down to 3.7 percent for 2009 from 5.4 percent anticipated earlier and down from 5.6 percent registered in 2008.

The value of US imports in apparel and textile space was US$ 94 billion, down from previous year US$ 96 billion and the imports from India were at about US$ 5 billion very similar to previous year levels. While the market has shrunk the share of Asia has gone up in the overall imports with Bangladesh leading the pack with actually growing by 13% purely on back of apparel exports. The trends in the first three months are indicating a further acceleration in growth of export from the region and losing of market share by Latin American and Caribbean countries. On the retail front in US one area of the apparel market that continues to hold on is the jeans business. According to The NPD Group, dollar volume sales for total jeans rose 2.3% for the 3 months ending with February, 2009 (a key period of the economic downturn for the consumer), while total apparel sales declined 6.3% for that same time period.

The Chinese exports were at US$ 1,428.5 billion, representing a growth of 17.2%, which was a decline of 8.5 percentage points in growth rate. Due to the shrinking demand in the international market and the significant decrease in price of international primary commodities in the fourth quarter of 2008 growth in exports slowed to 4.3%. The EU completely removed the safeguard on the exports of 10 types of textile products from China, resulting in an increase in the number of textile products exported to such market from China. In spite of the relaxation, China’s textile and apparel exports had a slower growth rate in the second half of 2008 as a result of the significant appreciation of RMB . China’s total exports of textile and apparel for 2008 amounted to US$ 185.22 billion, an increase of 8.2% as compared with last year. Exports of cotton textile and apparel amounted to US$ 71.77 billion, representing a decrease of 0.4% as compared with last year, and a decline of 29.1 percentage points in growth rate. The year end saw China introducing a slew of stimulus measures for the economy and some specific measures for textile. The tax rebates and the export incentives have been restored to 2007 levels and the access to export credit at cheaper rates also has been restored to 2007 levels.

Indian Retail Market

The Indian Retail Market which was slated to touch US$ 453 billion by 2011 with a CAGR of 8.6% on the back of a GDP growth of 9% suffered a setback with the economic downturn and slowing down of GDP growth.

Most retailers witnessed a drop in footfalls right from April - May 2008 which continued right through the year. The expansion plan of all retailers got affected with the delay in the delivery of malls and the construction of malls coming to a standstill. During the year most retailers focused on cutting out unviable stores and consolidating their operations rather than go for expansion as was the case over the last few years.

The positive impact of this downturn is the reduction in rental cost and as a result retail becoming more viable.

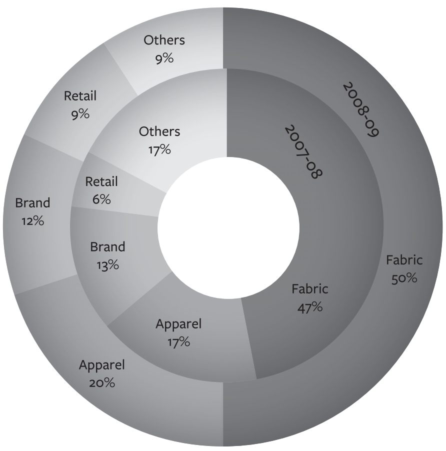
The industry is expected to see further consolidation in the year 2009-10 when the focus will be to improve operational efficiencies rather than expansion. The current estimate is that the retail market is expected to pick up from the beginning of the festival season and likely to return back to the earlier estimated growth of 8.9% by the end of 2010.

RESULT REVIEW

Revenue of your Company, for the year ended 31st March, 2009 was Rs. 2345 crores. This represents an increase of 2% over the revenue of Rs. 2290 crores for the previous financial year. The operating profit for the year ended 31st March, 2008 stood at Rs. 291 crores as against Rs. 257 crores in the previous financial year, representing a drop of 12%. The loss after tax and extraordinary items stood at Rs. 48 crores compared to profit of Rs. 27 crores in the previous financial year.

Sales & Operating Income

Fabric revenue grew by 10% compared to previous year primarily due to higher sales volume of Shirting fabrics and higher price realization of denim. Revenues from the apparel business grew by 28% on account of growth in Jeans and Knit Garments exports. The revenue of Brands and Retail Business for the year ended 31st March, 2008 was at Rs. 501 crores up by 11%. Growth in core businesses more than offset the drop in revenue of cotton exports activity, which was discontinued during this year.



Strategy of moving up the value chain is working well with apparel business and retail and brand business now reaching to 41% of overall sales mix pie from 36% last year.

Raw Materials

The raw material cost, as a percentage to sales, was higher by 2% primarily due to rapid rise in cotton prices.

Direct Materials

The direct materials were marginally lower than last year at Rs. 198 crores due to reduced prices of dyes and chemicals in second half of financial year.

Power cost has further gone up this year by 26% due to continued non availability of gas for power generation during the first 10 months of the financial year resulting in lowering the operating margin by 3%.

Salaries & Wages

The salaries and wages figure for the year is higher by 6% which is in line with the general cost of increase in manpower cost in the country. Rapid expansion in apparel manufacturing capacities has contributed to an overall increase in wage and salary rates. Your Company continues an organization-wide rationalization exercise as well as voluntary separation scheme in its fabric manufacturing operations.

Other Costs

The other costs have remained same during the year. Your Company has initiated an organization wide structured cost rationalization initiatives and has had significant success so far.

Operating Margins (Profit)

The operating margin for the year was 11% as compared to 12.7% in previous year. The 12% drop from the previous year is attributed mainly to higher power cost and higher cotton prices.

Net Interest & Finance Cost

The net interest and finance cost for the current financial year is Rs. 167 crores as against Rs. 163 crores for the previous financial year. Mark-to Market (MTM) losses on account of FX rate changes for the year were Rs. 55 crores compared to gain of Rs. 32 crores in the previous year.

Since more than 50% of your Company's revenue is dollar denominated, it hedges its position in the foreign exchange market. Hence, for all decision making purposes, the dollar rate is frozen. The accounting standard requires restatement of all assets and liabilities at the exchange rate prevailing at the end of the quarter. Therefore, dollar denominated working capital borrowings are reinstated every quarter and all profit or loss booked in the financial statements.

Cash Accrual

The cash generated from operations this year is. Rs 87 crores against Rs. 176 crores primarily on account of reduced operating profit and MTM losses on foreign currency short-term borrowings.

Depreciation

There has been no change in the method of depreciation for the year under consideration. The depreciation charged in the current financial year amounted to Rs. 122 crores this year, as compared to Rs. 137 crores last year.

Profit Before Tax (PBT) and exceptional items

Loss before tax was Rs. 48 crores against PBT of Rs. 30 crores in previous year. The loss is a cumulative effect of slow down in the core business of denim coupled with substantial increase in cost of cotton and power. While the turnover growth was contributed by new age businesses of Brand & Retail as well as by the downstream apparel business, they are yet to contribute significantly to the bottom line.

Net Profit (PAT)

The loss after Tax and extraordinary items was Rs. 48 crores for the current financial year compared to PAT of Rs. 27 crores in previous year.

Debt

The debt of the Company was Rs. 2024 crores against Rs. 1906 crores last year. The Company during the year has entered into arrangement with lenders to realign its principal debt repayment schedule and has secured the consent to spread its term loan repayment over a period of 8 years, ensuring that the future cash generation is in line with future repayment obligations.

Working Capital & Liquidity

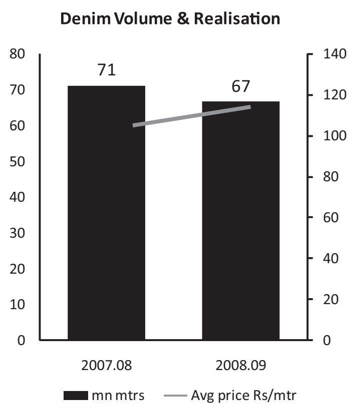
Net Current Assets were Rs. 997 crores against Rs. 1122 crores in previous year on account of provisions of hedge reserves.

BUSINESS REVIEW & DEVELOPMENTS

Denim

Beginning 2007-08 Company had formulated a strategy of foregoing volumes in lieu of profitability and pursuant to this had reduced its denim manufacturing capacity from almost 120 Million meters per annum to about 84 Million meters per annum at single location. The resultant cost reduction as well as focus on premium denim market segments has been one of the key reasons for a significant turnaround in this business. While overall exports volume suffered by 26% in line with overall sluggish markets, the price realization in exports market improved by 22%. Sales in domestic market increased by 28% which partially offset the drop in sales in exports market. The overall volume was lower by 6%.

With current cost of cotton, availability of gas and consequent reduction in cost of power the denim business margins have improved substantially. According to NPD data early indications in the market are that denim is continuing to do well even in this recessionary environment. The increase in volumes due to regional sourcing shift as well as higher demand is visible in the denim order book of the Company.



Branded Apparel & Retail

The Branded Apparel and Retail Business had another good year with sales of Rs. 501 crores and a growth of 11% in a year when market conditions were most difficult and there was contraction in demand.

A focused three prong strategy of gaining leadership in three segments, i.e. Value Retail, Premium Menswear Segment and Youth Segment has started yielding good results.

Megamart made rapid progress in the current year to emerge as the leading Value Retail player in the country. Megamart added 2.2 lakh Sq. Ft. of retail space with the opening of 41 small format stores and three large format stores. Sales registered a growth of 65%. Megamart was also rated as one of the best retailers in the country by The Retailer magazine.

In the Premium Menswear market, Arrow was the growth leader with a sales growth of 18%, by far the highest in the segment affected the most by the economic downturn. During the year, Arrow gained leadership in the departmental store segment. The year also saw the opening of the Company flagship store at Connaught Place in Delhi.

Flying Machine with a growth rate of 73% made rapid progress in emerging among the top 5 brands in the denim segment. Flying Machine during the year made a successful entry into the departmental store segment.

During the year the Company also undertook restructuring of the brands portfolio by converting Excalibur & New Port into Private Brands of Megamart. This restructuring apart from strengthening the Private Brand portfolio of Megamart also streamlined the operations leading to a sharp reduction in salary and overhead expenses.

The Company will continue to pursue aggressively the three prong strategy mentioned above and is well poised to strengthen its position in the Value Retail, Premium Menswear & Youth Segment in the year 2009 - 10.

To strengthen its position in the Premium Menswear Segment, the Company will be launching US Polo Association Brand in April, 2010 and Izod in February, 2010. With the launch of these brands together with Arrow, the Company's premium menswear portfolio will be substantially strengthened.

Megamart will continue to aggressively expand in 2009-10 with the addition of both small format and large format stores. The second large format store in Bangalore is slated to open in June, 2009. The operational efficiency of Megamart will be sufficiently enhanced with the go live of the Oracle ERP system from 1st April, 2009. This is expected to reduce old stocks in the system and improve cash to cash cycle times.

Garment Operations

Shirts garments volume has reduced by 11% compared to previous financial year due to multiplicity of factors. The product mix of the Company had been constantly shifting to higher value addition and complicated garments, which has resulted in lower volumes but better margins also, the Company saw some drop in volumes in the 2nd and 3rd quarter of financial year. The demand anomaly was restored in 4th quarter of the year and the outlook on this business is also very positive.

Knits garments grew by 27% by volume and 38% by value compared to previous financial year. The Company strategy of focusing only on the value added segment has yielded very positive results and reflected in the earnings. The Company is in a position to offer unique offerings to discerning customers at value price due to its efforts in installing both facilities and process like panel printing, overall printing, and certification for Organic and Fair Trade products.

Jeans garments revenue grew by 32% by volume and 47% by value compared to previous financial year. The Company continues to focus on increasing the supply chain efficiency which has been the only impediment in the business growth. The Company is also following the strategy of making investments only in critical operations and outsourcing non critical operations which are available at very attractive cost today. The future projections provided by the key customers for the oncoming season look very encouraging and the outlook very positive.

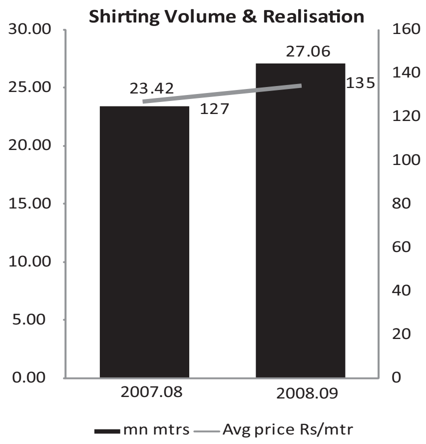
The Company during the year carried out a significant management restructuring exercise with all the garment units reporting being streamlined and excess cost of management have been eliminated. The new structure has already realized significant financial and management benefit.

Shirting Fabrics

The shirting fabrics grew by 16% in volume and 22% by value. All the operational parameters are at historical high and have had significant positive impact on the both bottom line as well as ability to serve customers. The Company for last few years have been investing and developing on performance fabrics as a future growth strategy and has had significant success. Taking the next step the Company during the year started retailing the performance fabrics through independent retail channel under the brand name of “Arvind”. The outlook in this business is very stable.

Across businesses apart from Brand & Retail the Company follows uniform strategy of focusing on premium and mid-premium market segment to ensure optimal profitability.

The order book has been bolstered by rapid growth in orders by growth in retail markets where the Company has begun aggressive marketing of performance and functional fabrics under the brands name “Arvind” .



Exchange Rate

The rupee which was appreciating against US Dollar at the beginning of the year saw a sudden and sharp decline in the beginning of June, 2008. The Company had taken forward cover on net dollar exposure and the average exchange rate for the entire year was in range of Rs. 40.00 to a US dollar. The sudden and sharp decline in value of rupee resulted into large opportunity loss for the Company due to its hedged position.

SUBSIDIARIES

Arvind Products Limited

The Company incurred a loss of Rs. 23 crores. The performance of the Company has been affected by two factors, reduction in volumes at Arvind Intex which is a captive spinning unit for Denim fabrics affecting in the reduction capacity utilization. Khakis fabrics have suffered some downturn due to sudden drop in volumes in the exports market.

Anup Engineering Limited

Anup Engineering Limited is engaged in engineering and fabrication business Listed on Ahmedabad Stock Exchange. The Company's revenue grew by 28% and operating profits grew by 16%. However due to higher interest and depreciation charges the profit after tax was almost flat at Rs. 8 crores.

OUTLOOK

On backdrop of rupee depreciation from the previously hedged levels rendering Indian exports more competitive compared to competing nations, rapid shift of sourcing by major customers from cost effective Asian countries, stable domestic markets, lower cotton prices as compared to previous year, gas supply having been restored, the Company expects improvements in revenue as well as operating margins. Reduced levels of borrowings and expected reduction in interest rates should help to reduce the interest and finance cost.

The global market conditions are highly unpredictable with major consuming nations being in recession and therefore any forecast is subject to unplanned surprises. However, based on current known factors like macro economic conditions and Company's thrust on cost and productivity improvements, the Company is hopeful of significantly improved financial performance in the coming year.

Corporate Social Responsibility (CSR)

Strategy and Programmes for "Corporate Social Responsibility" 2008-09

The Strategic Help Alliance for Relief to Distressed Area **(SHARDA) Trust** and Narottam Lalbhai Rural Development Fund **(NLRDF)** are the Company's two arms for carrying out the CSR Programmes. Recently, the Company has initiated a programme for growing organic cotton at Akola, Maharashtra.

SHARDA Trust's Programmes

Established in 1995, the Trust is addressing major societal issues in Urban India. Since its inception, the Trust has carried out many programmes to help the urban poor such as providing the basic infrastructure in slum, carrying out vocational training programmes for the youth and getting them employment and helping the poor in getting high quality secondary and tertiary health care etc.

The most recent activity of the Trust is a programme for improving quality of education in Ahmedabad's Municipal Schools

Under a programme called **"Gyanda – the fountain of knowledge", the trust aims** to teach English, Computers and Mathematics to the children. It is strongly felt that without understanding of these subjects, a child would be a misfit in the contemporary world.

Trust's experience has been very rewarding. The Trust has reached out to about 600 students and plans to go to about 750 students from June 2009. The bright students among them are being sponsored in the good secondary schools of the city during 2009-10.

NAROTTAM LALBHAI RURAL DEVELOPMENT FUND (N.L.R.D.F.)

Established in 1978, **NLRDF** is the rural CSR arm of the Group. The Trust directly intervenes in the development process at the village level through specifically designed programmes. The present operational area expands in 12 districts of Gujarat state reaching out to a beneficiary population of about 6,000.

NLRDF has been working with the strategy of linking the government programmes with the rural poor and thereby increasing the efficiency and the effectiveness of the delivery process. During the year 2008-09, total 2,500 widows of 11 districts were trained in 99 batches and motivated for their own small business or service oriented skills to earn more for their livelihood. Other major contribution of the Trust is to motivate the people in rural areas to go for bio gas as an alternative source of energy. During the year, it helped install 66 Bio Gas Plants in 14 villages of Sabarkantha District. On training front, BPL members and the members of self help groups have been trained on continuous basis for their livelihood and income generation. In the field of AIDS and HIV control, the efforts of the Trust under National Aids Control Program and Integrated Rural HIV/AIDS Program have been highly appreciated and have brought noticeable change in the practices and behaviour of the target group. Lastly, under the Reproductive and Child Health (RCH) program, 10,543 beneficiaries were covered to improve the health status of women, adolescent and children in the underserved areas of referred block of Sabarkantha.

Auditors' Report

TO THE MEMBERS OF ARVIND LIMITED

1. We have audited the attached Balance Sheet of **ARVIND LIMITED** ("the company") as at March 31, 2009, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 ("Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. As mentioned in Note No. 11 of schedule 18 in respect of early adoption of Accounting Standard (AS) – 30 on 'Financial Instruments: Recognition and Measurement' and Limited revision arising out of it in other Accounting Standards, issued by the Institute of Chartered Accountants of India, the Company has measured all its Financial Assets and Liabilities at their respective Fair Values or at Amortised Cost. Accordingly, Accounting Standard (AS) – 13 on 'Accounting for Investments' and Accounting Standard (AS) – 11 on 'The Effects of Changes in Foreign Exchange Rates' have been followed only for those transactions which are not within the scope of Accounting Standard (AS) - 30. Had the Company followed (AS) – 11 and (AS) – 13 in their entirety, the carrying amount of Investments, Secured Loans, Reserves and Surplus and Loss for the year would have been higher by Rs. 10.64 Crore, Rs. 3.85 Crore, Rs. 0.85 Crore and Rs. 105.74 Crore respectively and carrying value of Unsecured Loans would have been lower by Rs. 3.18 Crore respectively.
5. Further to our comments in the Annexure referred to above, we report that:
   i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
   ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
   iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and Accounting Standard (AS) – 30 on 'Financial Instruments: Recognition and Measurement' and Limited revision arising out of it in other Accounting Standard, issued by the Institute of Chartered Accountants of India (ICAI) as mentioned in paragraph 4 above;
   v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
      (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
      (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **SORAB S. ENGINEER & CO.**
Chartered Accountants

Ahmedabad
May 29, 2009

CA. N. D. ANKLESARIA
Partner
Membership No. 10250

Annexure to the Auditors' Report

Re : ARVIND LIMITED

Referred to in Paragraph 3 of our Report of even date,

(i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.

(c) In our opinion and as per the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and going concern status of the Company is not affected.

(ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with.

(iii) The Company has not granted/taken any loans secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (iii,b), (iii,c), (iii,d), (iii,e), (iii,f) and (iii,g) of paragraph 4 of the order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

(v) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there were no contracts or arrangements that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (v,a) and (v,b) of paragraph 4 of the order are not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.

(viii) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of these records with a view to determine whether they are accurate and complete.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956.

(b) There are no undisputed amounts outstanding as at March 31, 2009 for a period of more than six months from the date they became payable.

(c) Following amounts have not been deposited as on March 31, 2009 on account of any dispute :

Nature of the Statute	Financial year to which the matter pertains	Forum where matter is pending	Rs. in Crore
Sales Tax Act	1998-1999, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006	Reference with High Court	9.40
	2002-2003	Appellate Tribunal	0.01
	2000-2001	Joint CST Appeal	0.32
Central Excise Act	2000-2001, 2001-2002, 2002-2003, 2003-2004	Reference with Supreme Court	7.55
	1996-1997, 1997-1998, 1998-1999, 2004-2005, 2005-2006	Commissioner of Central Excise	11.60
	2002-2003, 2003-2004, 2005-2006, 2006-2007	Commissioner Appeal	0.18
	2004-2005, 2005-2006	Joint Commissioner	0.28
	2005-2006, 2006-2007	CESTAT	0.14
	2002-2003, 2003-2004	Reference with High Court	0.39
Service Tax Act	2004-2005, 2005-2006	CESTAT/ Joint Commissioner	0.56
Income Tax Act	2001-2002, 2004-2005, 2008-2009	CIT Appeal	5.48
Textile Committee	2006-2007	CESTAT	0.11
Fringe Benefit Tax	2005-2006	CIT Appeal	0.50

(x) The Company has neither any accumulated losses nor has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid the instalments amounting to Rs. 21.90 crore which became due in the last quarter pending approval from Banks for reschedulement/restructuring of the loans.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the order are not applicable.

(xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial Institutions are not prejudicial to the interest of the Company.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were obtained, other than temporary deployment pending application.

(xvii) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short-term basis have not, *prima facie*, been used during the year for long-term investments.

(xviii) During the year, the Company has not made any preferential allotment of shares to persons covered in the register maintained under Section 301 of the Act.

(xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any Secured Debentures during the year.

(xx) The Company has not raised any money by public issue during the year.

(xxi) Based upon the audit procedure performed by us and as per the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit, except that raw material stock worth Rs. 0.50 Crore approximately was misappropriated from the factory premises, for which the Company has lodged an FIR with the relevant authorities.

For **SORAB S. ENGINEER & CO.**
Chartered Accountants

Ahmedabad
May 29, 2009

CA. N. D. ANKLESARIA
Partner
Membership No. 10250

Balance Sheet as at 31st March, 2009

(Rs. in Crores)

	Schedule	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	260.10	273.30
Reserves and Surplus	2	940.47	1197.05
		1200.57	1470.35
Loan Funds			
Secured Loans	3	1920.90	1774.94
Unsecured Loans	4	103.04	130.97
		2023.94	1905.91
Deferred Tax Liability		12.82	12.82
Total		3237.33	3389.08
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		3056.80	2942.99
Less: Depreciation		1014.51	906.78
Net Block		2042.29	2036.21
Capital work in progress		81.58	116.14
		2123.87	2152.35
Investments	6	100.06	104.99
Foreign Currency Monetary Item Translation Difference Account (Note No. 12)		6.77	0.00
Current Assets, Loans & Advances	7		
Inventories		581.47	575.34
Sundry Debtors		350.84	261.77
Cash and Bank Balances		26.83	16.32
Other Current Assets		54.90	73.26
Loans and Advances		578.47	544.45
		1592.51	1471.14
Less:Current Liabilities and Provisions	8		
Liabilities		463.29	327.09
Provisions		132.66	21.81
		595.95	348.90
Net Current Assets		996.56	1122.24
Miscellaneous Expenditure (To the extent not written off)	9	10.07	9.50
Total		3237.33	3389.08
Notes Forming Part of Accounts	18		

As per our report attached

For **SORAB S. ENGINEER & CO.**
Chartered Accountants

CA. N. D. ANKLESARIA
Partner
Ahmedabad, May 29, 2009

SANJAY S. LALBHAI Chairman & Managing Director

JAYESH K. SHAH Director & Chief Financial Officer

R. V. BHIMANI Company Secretary

Arvind

Profit and Loss Account for the year ended on 31st March, 2009

(Rs. in Crores)

	Schedule	2008-2009	2007-2008
INCOME :			
Sales		**2297.70**	2170.81
Less : Excise Duty		**2.51**	1.73
		2295.19	2169.08
Operating Income	10	**49.80**	121.25
Other Income	11	**51.91**	15.91
		2396.90	2306.24
EXPENSES :			
Raw Materials Consumed		**695.83**	611.26
Purchase of Finished goods & Others		**257.90**	305.54
Employees' Emoluments	12	**244.81**	230.39
Others	13	**924.47**	861.04
Interest & Finance Costs (Net)	14	**222.13**	131.40
Depreciation/Impairment		**122.05**	136.64
Exceptional Items (Net)	15	**11.53**	9.31
(Increase) in Stocks	16	**(34.86)**	(9.49)
		2443.86	2276.09
(Loss)/Profit before Tax for the year		**(46.96)**	30.15
Less : Current Tax		**0.00**	3.10
Less : Fringe benefit Tax		**1.86**	2.25
Add : MAT credit Entitlement		**0.00**	(3.10)
(Loss)/Profit for the year		**(48.82)**	27.90
Add/(Less) : Prior Period Income/(Expense)	17	**0.95**	(0.54)
		(47.87)	27.36
Balance as per last year's Balance Sheet		**434.92**	425.00
Interim Dividend on Preference Shares Paid		**(1.68)**	(2.48)
Tax on Interim Dividend		**(0.29)**	(0.42)
Transitional Provision on adoption of AS - 30 (Note No. 11)		**(80.10)**	0.00
Transitional Provision on exercise of option of AS - 11 (Note No. 12)		**(9.59)**	0.00
Provision for Leave Encashment		**0.00**	(1.34)
Transferred to Capital Redemption Reserve		**(13.20)**	(13.20)
Transferred from Debenture Redemption Reserve		**0.15**	0.00
		282.34	434.92
Balance carried to Balance Sheet		**282.34**	434.92
Earning Per Share Rs. (Face Value Rs. 10/-) (Note No.22)			
- Basic		**(2.28)**	1.17
- Diluted		**(1.91)**	0.98
Notes Forming Part of Accounts	18		

As per our report attached

For **SORAB S. ENGINEER & CO.**
Chartered Accountants

CA. N. D. ANKLESARIA
Partner
Ahmedabad, May 29, 2009

SANJAY S. LALBHAI Chairman & Managing Director

JAYESH K. SHAH Director & Chief Financial Officer

R. V. BHIMANI Company Secretary

Cash Flow Statement for the year ended on 31st March, 2009

(Rs.in Crores)

		2008-2009		2007-2008	
A	**CASH FLOW FROM OPERATING ACTIVITIES**	**Rs.**	**Rs.**	Rs.	Rs.
	Net Profit/(Loss) for the year		**(46.96)**		30.15
	Adjustments for:				
	Depreciation/Impairment	**122.05**		136.64	
	Retrenchment Compensation under VRS	**(9.06)**		(11.33)	
	Exceptional Items	**8.49**		6.30	
	Interest Income	**(46.97)**		(14.24)	
	Income from Investment	**(0.17)**		(0.17)	
	Interest & Lease Rent Expenses	**196.29**		166.46	
	Exchange Rate Difference	**70.23**		(33.70)	
	Fixed Assets/Project Expenses Written Off	**0.22**		0.00	
	Bad Debts/Advances Written Off	**0.08**		0.63	
	Provision for Doubtful debts	**0.00**		0.49	
	Sundry Debits/Credit Written Off (Net)	**1.22**		0.06	
	Prior Period Adjustment	**0.95**		(0.54)	
	Loss on Derivatives	**(89.22)**		0.00	
	Profit on Sale of Investment	**(19.85)**		0.00	
	Loss/(Profit) on Sale of Fixed Assets	**(20.32)**	**213.94**	0.16	250.76
	Operating Profit before Working Capital Changes		**166.98**		280.91
	Working Capital Changes:				
	Changes in Inventories	**(6.13)**		69.67	
	Changes in Trade Receivables	**(89.15)**		(58.04)	
	Changes in Other Receivables	**15.80**		101.01	
	Changes in Current Liabilities	**141.46**		(77.88)	
	Net Changes in Working Capital		**61.98**		34.76
	Cash Generated from Operations		**228.96**		315.67
	Advance Tax/TDS (Net of Income Tax Refund)		**(2.24)**		(1.30)
	Fringe Benefit Tax		**(1.76)**		(2.25)
	Net Cash from Operating Activities		**224.96**		312.12
B	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets	**(98.41)**		(179.48)	
	Sale of Fixed Assets	**35.71**		6.67	
	Changes in Investments	**14.14**		(54.94)	
	Changes in Loans & Advances	**(31.07)**		0.82	
	Income from Investment	**0.17**		0.17	
	Interest Income	**46.72**		14.70	
	Net Cash Flow from Investing Activities		**(32.74)**		(212.06)
C	**Cash Flow from Financing Activities**				
	Issue of Equity Share Capital	**0.00**		9.60	
	Redemption of Preference Share Capital	**(13.20)**		(13.20)	
	Issue of Warrants	**0.00**		21.32	
	Share Premium Received	**0.00**		40.32	
	Unclaimed Dividend	**(0.01)**		(0.01)	
	Interim Dividend on Preference Shares	**(1.68)**		(2.48)	
	Tax on Interim Dividend	**(0.29)**		(0.42)	
	Changes in Borrowings	**29.76**		5.19	
	Interest & Lease Rent Paid	**(196.29)**		(166.37)	
	Net Cash Flow from Financing Activities		**(181.71)**		(106.05)
	Net Increase/(Decrease) in Cash & Cash Equivalents		**10.51**		(5.99)
	Cash & Cash Equivalent at the beginning of the Period		**16.32**		22.31
	Cash and Cash Equivalent at the end of the Period		**26.83**		16.32

Notes to Cash Flow Statement (Refer Schedule 18, Note 19)

As per our report attached

For **SORAB S. ENGINEER & CO.**
Chartered Accountants

CA. N. D. ANKLESARIA
Partner
Ahmedabad, May 29, 2009

SANJAY S. LALBHAI Chairman & Managing Director

JAYESH K. SHAH Director & Chief Financial Officer

R. V. BHIMANI Company Secretary

Schedules forming part of the Accounts

	Rs. in Crores As at 31.03.2009	Rs. in Crores As at 31.03.2008
SCHEDULE '1' : SHARE CAPITAL		
AUTHORISED		
36,00,00,000 Equity Shares (Previous Year 36,00,00,000) of Rs. 10/-each	**360.00**	360.00
90,00,000 Preference Shares (Previous Year 90,00,000) of Rs. 100/- each	**90.00**	90.00
	450.00	450.00
ISSUED & SUBSCRIBED		
EQUITY SHARES		
21,89,78,441 Equity Shares (Previous Year 21,89,78,441) of Rs.10/- each	**218.98**	218.98
PREFERENCE SHARES		
69,50,000 6% Redeemable Cumulative Non Convertible Preference Shares (Previous Year 69,50,000) of Rs. 100/- each	**69.50**	69.50
	288.48	288.48
PAID UP (Note No. 5)		
EQUITY SHARES	**218.98**	218.98
21,89,77,541 Equity Shares (Previous Year 21,89,77,541) of Rs. 10/- each fully paid up Add : 900 Shares Forfeited (Paid-up amount of Rs. 4,500/- (Previous Year Rs. 4,500/-) on forfeited shares)		
(of the above shares 39,44,950 Equity Shares have been alloted as fully paid Bonus Shares (Previous Year 39,44,950 Equity Shares) by way of capitalisation of Reserves and 16,12,268 Equity Shares (Previous Year 16,12,268 Equity Shares) allotted as fully paid in terms of scheme of Amalgamation without payment being received in cash)		
WARRANTS		
4,10,00,000 Warrants (Previous Year 4,10,00,000) of Rs. 52/- each, Paid up Rs.5.20 each	**21.32**	21.32
PREFERENCE SHARES		
66,00,000 6% Redeemable Cumulative Non Convertible Preference Shares (Previous Year 66,00,000) of Rs. 100/- each	**19.80**	33.00
	260.10	273.30

Schedules forming part of the Accounts

	Rs. in Crores As at 31.03.2009	Rs. in Crores As at 31.03.2008
SCHEDULE '2' : RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	5.33	3.17
Add : Created during the year	0.00	2.16
	5.33	5.33
SECURITIES PREMIUM		
As per last Balance Sheet	693.53	653.21
Add : Received during the year	0.00	40.32
	693.53	693.53
DEBENTURE REDEMPTION RESERVE		
As per last Balance Sheet	2.25	2.25
Less : Transferred to Profit and Loss Account	0.15	0.00
	2.10	2.25
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	36.50	23.30
Add : Transferred from Profit and Loss Account	13.20	13.20
	49.70	36.50
REVALUATION RESERVE		
As per last Balance Sheet	24.52	24.52
	24.52	24.52
HEDGE RESERVE		
Created during the year (Note No. 11)	(106.41)	0.00
	(106.41)	0.00
INVESTMENT REVALUATION RESERVE		
Created during the year (Note No. 11)	(10.64)	0.00
	(10.64)	0.00
BALANCE IN PROFIT & LOSS ACCOUNT	282.34	434.92
	940.47	1197.05
SCHEDULE '3' : SECURED LOANS (Note No. 6)		
DEBENTURES	2.10	3.30
Add : Funded Interest	1.03	1.17
	3.13	4.47
FROM BANKS		
Cash Credit and other facilities	765.99	651.27
Term Loans	902.02	881.87
	1668.01	1533.14
FROM FINANCIAL INSTITUTIONS AND OTHERS	249.76	237.33
	249.76	237.33
	1920.90	1774.94
Note : Secured Loans (Note No. 11)		
At Amortized Cost	1920.90	1774.94
At Original Cost	1924.75	1774.94
SCHEDULE '4' : UNSECURED LOANS		
FROM BANKS		
Term Loan	30.46	43.73
Other Facilities	37.21	49.24
FROM FINANCIAL INSTITUTIONS & OTHERS	7.47	4.55
DEFERRED ELECTRICITY DUTY	27.80	33.45
INTER CORPORATE DEPOSIT	0.10	0.00
	103.04	130.97
Note: Unsecured Loans (Note No. 11)		
At Amortized Cost	103.04	130.97
At Original Cost	99.86	130.97

(Out of above Rs. 76.85 crores (Previous Year Rs. 54.60 crores) is payable within one year)

SCHEDULE '5' : FIXED ASSETS

(Rs. in Crore)

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2008	Additions	Deductions	**As on 31.03.2009**	As on 01.04.2008	Additions	Deductions	**As on 31.03.2009**	**As on 31.03.2009**	As on 31.03.2008
Goodwill	326.80	0.00	0.00	**326.80**	0.00	0.00	0.00	**0.00**	**326.80**	326.80
Intangible Assets	2.45	0.00	0.00	**2.45**	2.45	0.00	0.00	**2.45**	**0.00**	0.00
Freehold Land	331.54	0.31	6.13	**325.72**	0.00	0.00	0.00	**0.00**	**325.72**	331.54
Leasehold Land	178.54	0.00	0.00	**178.54**	0.00	0.00	0.00	**0.00**	**178.54**	178.54
Buildings	491.04	8.57	0.03	**499.58**	94.24	15.16	0.00	**109.40**	**390.18**	396.80
Plant & Machinery	1507.99	81.30	19.55	**1569.74**	779.81	94.45	10.54	**863.72**	**706.02**	728.18
Machinery acquired on Finance Lease	0.00	1.66	0.00	**1.66**	0.00	(Rs. 44,675/-)	0.00	**(Rs. 44,675/-)**	**1.66**	0.00
Vehicles	12.33	1.50	3.27	**10.56**	5.85	1.95	2.21	**5.59**	**4.97**	6.48
Office Machinery & Dead Stocks	92.30	56.47	7.02	**141.75**	24.43	10.54	1.62	**33.35**	**108.40**	67.87
Total	2942.99	149.81	36.00	**3056.80**	906.78	122.10	14.37	**1014.51**	**2042.29**	2036.21
Previous Year	2817.21	135.09	9.31	**2942.99**	772.32	136.94	2.48	**906.78**		
Capital Work In Progress (Including Advances for Capital Expenditure)									**81.58**	116.14
Total									**2123.87**	2152.35

Notes :

1 Buildings includes Rs. 1.18 Crores (Rs. 1.18 Crores) in respect of ownership flats in Co-operative Housing Society and Rs. 2,500/- (Rs. 2,500/-) in respect of shares held in Co-operative Housing Society.

2 Gross block includes Rs. 24.52 Crores (Rs. 24.52 Crores) being the amount added on revaluation as at 1st October, 2006 and credited to revaluation reserve.

3 Out of current year depreciation, an amount of Rs. 0.05 Crore (Rs. 0.30 Crore) has been capitalised during the year.

4 Depreciation is net of Rs. Nil (Rs. 5.10 Crore) on account of prior period adjustment.

5 Depreciation includes Rs. Nil (Rs. 11.58 Crores) on account of Impairment Loss provided.

6 Also refer Note No. 12.

Schedules forming part of the Accounts

	No. of Shares/ Debentures/ Units	Rs in Crores As at 31.03.2009	Rs in Crores As at 31.03.2008
SCHEDULE '6' : INVESTMENTS*			
A NON TRADE INVESTMENTS - (UNQUOTED) (HELD-TO-MATURITY)			
GOVERNMENT SECURITIES		**0.01**	0.01
7-Year National Savings Certificates (Lodged with Government Authorities)			
B TRADE INVESTMENTS (AVAILABLE FOR SALE)			
(i) FULLY PAID EQUITY SHARES (QUOTED)			
Atul Ltd. (Shares of Rs. 10/- each)	559420	**2.40**	6.51
(ii) FULLY PAID EQUITY SHARES (UNQUOTED)			
Ahmedabad Cotton Merchants' Co-operative Shops and Warehouses Society Ltd. (Shares of Rs. 10/- each) (Rs.2500/-) (Previous Year Rs. 2500/-)	10		
Gujarat Cloth Dealers Co-operative Shops and Warehouses Society Ltd. (Shares of Rs. 10/- each) (Rs.1000/-) (Previous Year Rs. 1000/-)	10		
Syntel Telecom Ltd. (Shares of Rs. 10/- each) (Previous Year Rs. 20/-)			
Silverstone Properties Ltd. (Shares of Rs. 10/- each)	25000	**0.03**	0.03
(iii) INVESTMENT IN JOINT VENTURE FULLY PAID EQUITY SHARES (UNQUOTED)			
Arya Omnitalk Wireless Solutions Ltd. (Shares of Rs. 10/- each)	1000000	**1.00**	1.00
Arvind Murjani Brands Private Limited (Shares of Rs. 10/- each)	2350000	**6.25**	6.25
VF Arvind Brands Private Limited (Shares of Rs. 10/- each)	5466680	**5.47**	5.47
Diesel Fashion India Arvind Private Limited (Shares of Rs. 10/- each) Sold during the year	0	**0.00**	0.05
C INVESTMENT IN SUBSIDIARY COMPANIES FULLY PAID EQUITY SHARES (UNQUOTED)			
Asman Investments Ltd. ** (Shares of Rs. 10/- each)	76500	**7.65**	7.65
Syntel Telecom Limited (Shares of Rs. 10/- each) 49998 shares purchased during the year	50000	**0.05**	0.00
Arvind Worldwide (M) Inc., Mauritius ** (Shares of US$ 100 each)	54840	**0.00**	0.00
Arvind Worldwide Inc., Delaware ** (Shares without par value)	500	**0.07**	0.07
Arvind Overseas (M) Ltd., Mauritius (Shares of Mau Rs. 100/- each)	2385171	**28.32**	28.32
Arvind Spinning Limited (Shares without par value)	824099	**5.39**	5.39
Arvind Brands Limited (Shares of Rs. 10/- each) Sold during the year		**0.00**	0.71

Schedules forming part of the Accounts

	No. of Shares/ Debentures/ Units	Rs in Crores As at 31.03.2009	Rs in Crores As at 31.03.2008
SCHEDULE '6' : INVESTMENTS* (Contd.)			
Arvind Textile Mills Limited	70000	**0.34**	0.34
(Shares of Taka 10/- each)			
Arvind Retail Limited (Formerly known as Aakar Foundationwear Limited)	50000	**0.05**	0.05
(Shares of Rs. 10/- each)			
Arvind Accel Limited	50000	**0.05**	0.00
(Shares of Rs. 10/- each)			
Purchased during the year			
FULLY PAID EQUITY SHARES (QUOTED)			
Arvind Products Ltd.	2857142	**0.61**	7.14
(Shares of Rs. 10/- each)			
Anup Engineering Ltd ***	300000	**3.50**	2.00
(Shares of Rs. 100/- each)			
1,00,000 shares purchased during the year			
FULLY PAID PREFERENCE SHARES (UNQUOTED)			
Arvind Products Ltd.	135000	**0.14**	0.14
10% Cumulative Redeemable Preference shares			
(Shares of Rs. 10/- each)			
Arvind Products Ltd .	6000000	**65.01**	65.01
12% Cumulative Redeemable Preference shares			
(Shares of Rs. 100/- each)			
D OTHER INVESTMENT (QUOTED)** (HELD FOR TRADING)**			
(PREVIOUSLY CLASSIFIED AS CURRENT INVESTMENTS)			
Standard Chartered Mutual Fund		**0.00**	0.01
Redeemed during the year			
Reliance Mutual Fund		**0.00**	(Rs. 39,575/-)
Redeemed during the year			
E Share Application Money		**7.43**	2.55
		133.77	138.70
Less : Provision for Diminution in Value of Investment		**33.71**	33.71
Total		**100.06**	104.99

	Rs. in Crores As at 31.03.2009	Rs. in Crores As at 31.03.2008
Aggregate value of quoted Investments		
At cost price	**6.51**	15.66
At market price	**6.51**	7.16
Aggregate value of unquoted Investments		
At cost price	**127.26**	123.04

* Previously classified as Long Term Investments and valued at Cost unless otherwise stated.

** Revalued and adjusted in 2001-2002 as per the Scheme of Arrangement and the direction of High Court.

*** Listed but not quoted and book value is taken as market value

**** Valued at lower of cost or market value

The following current investment was purchased and sold during the year

Sr.	Particulars	No. of Shares	Face Value	Cost Rs. in Crores
1	Aurodrama Development Private Limited	50000	Rs. 10/-	1.50

Schedules forming part of the Accounts

	Rs. in Crores As at 31.03.2009	Rs. in Crores As at 31.03.2008
SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Inventories		
Stores, Accessories and Spares	**25.16**	39.37
Fuel	**1.57**	4.80
Stock in trade		
Raw materials (Including Material in Transit)	**93.17**	139.77
Finished Goods	**136.51**	157.34
Finished Goods (Traded)	**118.88**	85.89
Goods in Transit	**3.11**	0.78
Work-in-Progress	**202.19**	146.58
Waste	**0.88**	0.81
	554.74	531.17
	581.47	575.34
Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered good	**26.41**	25.23
Considered doubtful	**1.19**	10.73
Less: Provision	**1.19**	10.73
	0.00	0.00
	26.41	25.23
Others (Considered good)	**324.43**	236.54
	350.84	261.77
Cash & Bank Balances		
Cash on hand	**0.40**	0.52
Bank Balances		
With Scheduled Banks		
In Current Accounts	**8.97**	13.38
(Including Rs. 0.33 Crores in unpaid dividend accounts) (Previous Year Rs.0.34 Crore)		
In Exchange Earners Foreign Currency A/c	**0.65**	0.39
In Cash Credit Account	**10.13**	0.50
In Saving Accounts (Rs. 42,732/-) (Previous Year Rs. 41,275/-)		
In Fixed Deposit Accounts	**6.68**	1.53
(Rs. 0.22 Crores lodged with Bank as Security for Guarantee Facility and Rs. 0.07 Crores lodged with Court for ESI case (Previous Year Rs. Nil and Rs. 0.07 Crores respectively))		
	26.43	15.80
	26.83	16.32
Other Current Assets		
Interest accrued	**0.25**	(Rs. 3,699/-)
Other receivables	**54.65**	73.26
	54.90	73.26

Schedules forming part of the Accounts

	Rs. in Crores As at 31.03.2009	Rs. in Crores As at 31.03.2008
SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES (Contd.)		
LOANS & ADVANCES (Unsecured, considered good unless stated Otherwise)		
Loans & Advances		
Advances Receivable in Cash or kind or for the value to be received		
Considered good	357.65	356.80
Considered doubtful	0.09	0.88
Less: Provision	0.09	0.88
	0.00	0.00
	357.65	356.80
Balances with Custom, Excise etc.	0.05	0.09
Mat Credit Entitlement Receivable	26.11	26.11
Other Loans	35.61	27.23
	419.42	410.23
Loans and Advances to Subsidiary Companies		
Considered good	156.20	133.51
Considered doubtful	7.91	7.91
Less: Provision	7.91	7.91
	0.00	0.00
	156.20	133.51
Advance tax paid (Net of Provision of Rs. 35.92 Crores, Previous Year Rs. 35.29 Crore)	2.85	0.71
	578.47	544.45
	1592.51	1471.14
SCHEDULE '8' : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Acceptances	32.67	30.03
Sundry Creditors		
-Due to Micro & Small Enterprises (Note No. 17)	0.00	0.00
-Others	344.46	204.46
Other Liabilities (Note No. 7)	83.81	90.21
Interest accrued but not due on loans	1.51	1.45
Investor Education and Protection Fund shall be credited by the following amount namely : @		
- Unpaid dividend	0.33	0.34
- Unpaid Matured Deposits (Rs. 5,000/-)	0.00	0.02
- Unpaid Matured Debentures	0.24	0.25
- Warrants issued but not encashed		
- Interest on Deposits	0.06	0.06
- Interest on Debentures	0.21	0.27
	0.84	0.94
	463.29	327.09
Provisions		
Fair Valuation Loss on Derivative Contracts	122.49	12.56
Pension	0.52	0.58
Superannuation	1.50	2.11
Gratuity	2.10	0.00
Leave Encashment	6.05	6.56
	132.66	21.81
	595.95	348.90

@ No amount is due as on 31st March 2009 for credit to Investor Education and Protection Fund (Fund). The actual amount to be transferred to the Fund in this respect will be determined on the respective due dates.

Schedules forming part of the Accounts

	Rs. in Crores As at 31.03.2009	Rs. in Crores As at 31.03.2008
SCHEDULE '9' : MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Retrenchment Compensation under VRS	**9.50**	0.00
Add : Addition during the year	**9.06**	11.33
Less : Written off during the year	**(8.49)**	(1.83)
	10.07	9.50

	Rs. in Crores 2008-2009	Rs. in Crores 2007-2008
SCHEDULE '10' : OPERATING INCOME		
Processing Income	**23.70**	30.53
(Tax Deducted at Source Rs. 0.40 Crores; Previous Year Rs. 0.63 Crores)		
Gain/(Loss) on Forward Contracts	**(22.98)**	57.35
Other Operating Income	**49.08**	33.37
(Tax Deducted at Source Rs. 0.68 Crores; Previous Year Rs. Nil)		
	49.80	121.25
SCHEDULE '11' : OTHER INCOME		
Income from Investments (Gross)		
From Trade Investments	**0.17**	0.17
Other Income	**4.83**	6.90
(Tax Deducted at Source Rs. 0.04 Crores; Previous Year Rs. 0.08 Crores)		
Rent	**0.60**	0.52
(Tax Deducted at Source Rs. 0.20 Crores; Previous Year Rs. 0.03 Crores)		
Excess/Short Provision No Longer Required (Net)	**6.14**	8.48
Profit on sale of Investments (Net)	**19.85**	0.00
Profit/(Loss) on sale of Fixed Assets (Net)	**20.32**	(0.16)
	51.91	15.91
SCHEDULE '12' : EMPLOYEES' EMOLUMENTS		
Salaries, Wages, Bonus and Gratuity	**212.64**	204.11
Contribution to Provident Fund and Other Funds	**26.97**	19.29
Welfare Expenses	**4.08**	4.41
	243.69	227.81
Directors' Remuneration (Note No. 2)	**1.12**	2.49
Directors' Commission	**0.00**	0.09
	1.12	2.58
	244.81	230.39

Schedules forming part of the Accounts

	Rs. in Crores 2008-2009	Rs. in Crores 2007-2008
SCHEDULE '13': OTHERS		
Power & Fuel	**270.84**	215.00
Stores consumed	**198.10**	207.81
Processing charges	**77.25**	82.97
Repairs		
Building repairs	**1.18**	2.45
Machinery repairs	**35.04**	37.45
Other repairs	**9.94**	9.33
	46.16	49.23
Printing, Stationery and Communication	**7.91**	7.95
Insurance premium	**3.50**	5.57
Rates & Taxes	**6.58**	8.66
Excise duty	**0.18**	0.60
Rent	**60.33**	50.82
Commission, Brokerage and Discount	**80.43**	64.85
Royalty on Sales	**4.60**	3.06
Advertisement Expenses	**22.52**	33.56
Freight, Insurance and Clearing Charges	**31.75**	31.73
Miscellaneous Labour Charges	**40.27**	30.29
Provision for Doubtful Debt	**0.00**	0.49
Bad Debts Written Off	**0.08**	0.63
Fixed Assets/Project Expenses Written Off	**0.22**	(Rs. 8,536/-)
Directors' Sitting Fees	**0.02**	0.01
Other Expenses	**73.73**	67.81
	924.47	861.04
SCHEDULE '14' : INTEREST AND FINANCE COSTS (NET)		
Interest		
On loans for a fixed period	**131.09**	114.57
Others	**57.26**	43.48
	188.35	158.05
Less : Interest Income		
Interest from others (Gross) (Income tax deducted Rs. 0.55 Crores, Previous Year Rs. 0.38 Crores)	**46.97**	14.24
Net Interest Expenses	**141.38**	143.81
Other Finance Cost	**25.81**	19.15
Exchange Rate (Gain)/Loss	**54.94**	(31.56)
	222.13	131.40

Schedules forming part of the Accounts

	Rs. in Crores 2008-2009	Rs. in Crores 2007-2008
SCHEDULE '15' : EXCEPTIONAL ITEMS		
Provision for Loss on Derivative Contracts	0.00	12.56
Expenditure incurred under VRS		
- Retrenchment Compensation Written Off	8.49	1.83
- Gratuity and Leave Encashment Paid	3.04	3.01
Liability No Longer Required	0.00	(8.09)
	11.53	9.31
SCHEDULE '16' : (INCREASE) IN STOCK		
Finished goods, Work-in-progress and Waste		
Closing Stocks	339.58	304.73
Opening Stocks	304.73	295.24
	(34.85)	(9.49)
Excise Duty in Value of Stocks – (Decrease)	(0.01)	(Rs. 14,352/-)
(Increase) in Stock	(34.86)	(9.49)
SCHEDULE '17' : PRIOR PERIOD INCOME/(EXPENSE)		
Interest Expense Adjustments	0.95	0.00
Other Expense relating to earlier year	0.00	(0.10)
Electricity Duty relating to earlier year	0.00	(0.44)
	0.95	(0.54)

Notes forming part of the Accounts

SCHEDULE '18' : NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(A) ACCOUNTING CONVENTION

The Company follows the accrual method of accounting. The financial statements have been prepared in accordance with the historical cost convention (except so far as they relate to (a) revaluation of certain fixed assets and providing for depreciation on revalued amounts and (b) items covered under 'Accounting Standard (AS) – 30' on 'Financial Instruments: Recognition and Measurement" which have been measured at their fair value) and accounting principles generally accepted in India.

The preparation of financial Statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements as prudent and reasonable. Future results could differ from these estimates.

(B) INFLATION

Assets and liabilities are recorded at historical cost to the Company (except so far as they relate to (a) revaluation of certain fixed assets and providing for depreciation on revalued amounts and (b) items covered under 'Accounting Standard (AS) – 30' on 'Financial Instruments: Recognition and Measurement" which have been measured at their fair value). These costs are not adjusted to reflect the changing value in the purchasing power of money.

(C) REVENUE RECOGNITION

(C.1) Sales and operating income includes sale of products, by-products and waste, income from job work services and gain or loss on forward contracts. Sales are recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Sales are stated net of returns, excise duty & Sales Tax/VAT. Export incentives are accounted on accrual basis at the time of export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

(C.2) Revenue from job work services is recognized based on the services rendered in accordance with the terms of contracts.

(C.3) Revenue in respect of projects for Construction of Plants and Systems, execution of which is spread over different accounting periods, is recognised on the basis of percentage of completion method in accordance with Accounting Standard 7 – Accounting for Construction Contracts.

Percentage of completion is determined by the proportion that contract costs incurred for work done till date bears to the estimated total contract cost.

Difference between costs incurred plus recognised profit / less recognised losses and the amount invoiced is treated as contract in progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, relating to the percentage of completion, costs to completion, the expected revenue from the contract and the foreseeable losses to completion.

(C.4) Claims receivable on account of Insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

(D) VALUATION OF INVENTORY

(D.1) The stock of Work-in-progress and finished goods of the Yarn, Fabric and Branded Garment Business has been valued at the lower of cost and net realizable value. The cost has been measured on the standard cost basis and includes cost of materials and cost of conversion.

(D.2) All other inventories of stores, consumables, raw materials (Electronics Division) are valued at cost. The stock of waste is valued at market price. The other raw materials, finished goods and stock at branches are valued at lower of cost and net realizable value. Cost is measured on actual average for the whole year. Excise duty wherever applicable is provided on finished goods lying within the factory and bonded warehouse at the end of the year.

(E) FIXED ASSETS & DEPRECIATION

(E.1) Fixed assets are stated at their original cost of acquisition/revalued cost (revalued as on 1st October, 2006) wherever applicable less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of launching new stores, to the extent they are attributable to the new store.

(E.2) Exchange rate gain or loss on foreign currency loans related to acquisition of depreciable assets are being capitalized as per the notification dated 31st March, 2009, issued by Ministry of Corporate Affairs, New Delhi.

(E.3) Depreciation on Revalued Fixed Assets is calculated on the residual life of the assets or as per rates specified in the Schedule XIV to the Companies Act , 1956 whichever is higher.

(E.4) Additions to fixed assets after 1st October, 2006, have been stated at cost net of CENVAT wherever applicable.

(E.5) Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under capital work-in-progress, pending capitalization.

(E.6) Depreciation on Fixed Assets is provided, pro rata for the period of use, on Straight Line Method (SLM), as per rates specified in the Schedule XIV to the Companies Act, 1956 except for the following which are based on management's estimate of useful lives of the fixed assets:

Car Vehicles	: 20/25%
For the assets of Branded Garments	
Furniture given to Employees	: 18%
Leasehold Improvements	: 10%

(E.7) Depreciation on impaired asset is provided on the asset's revised carrying amount, over its remaining useful life.

(E.8) Depreciation on exchange rate difference capitalized is provided over the balance life of the assets as per the notification dated 31st March, 2009, issued by the Ministry of Corporate Affairs.

Notes forming part of the Accounts

(E.9) Individual assets costing less than Rs. 5,000/- have been fully depreciated in the year of purchase on prorata basis.

(F) IMPAIRMENT OF ASSETS

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Profit and Loss Account.

(G) INVESTMENTS

(G.1) Investments are classified as investments in Subsidiaries, Available for Sale and Held-to-Maturity within the meaning of Accounting Standard 30 on 'Financial Instruments: Recognition and Measurement' read with the limited revision of Accounting Standard 21 on Consolidated Financial Statements.

(G.2) Investments in subsidiaries are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

(G.3) Investments classified as available for sale are remeasured at subsequent reporting dates to fair value. Unrealised gains/losses on such investments are recognised directly in Investment Revaluation Reserve Account. At the time of disposal, derecognition or impairment of the investments, cumulative gain or loss previously recognised in the investment revaluation reserve account is recognised in the profit and loss Account.

(G.4) Investments classified as held for trading that have a market price are measured at fair value and gain/loss arising on account of fair valuation is routed through profit and loss Account.

(H) FOREIGN CURRENCY TRANSACTIONS

(H.1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(H.2) Monetary items denominated in foreign currencies at the year end are restated at year end rates.

(H.3) Non-monetary foreign currency items are carried at cost.

(H.4) All long-term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the year have been restated at the rate prevailing at the balance sheet date. The difference arising as a result has been added to or deducted from the cost of the assets as per the notification issued by the Ministry of Corporate Affairs dated March 31, 2009. Exchange rate difference on other long-term foreign currency loans is carried to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized up to the period of loan or up to March 31, 2011 whichever is earlier.

(H.5) Any income or expense on account of exchange difference either on settlement or on translation other than as mentioned in (H.4) above is recognised in the profit and loss Account.

(H.6) Expenses of overseas offices are translated and accounted at the monthly average rate.

(I) DERIVATIVES & COMMODITY HEDGING TRANSACTIONS

(I.1) In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company neither holds nor issues any derivative financial instruments for speculative purposes.

(I.2) Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are remeasured at their fair value at subsequent balance sheet dates.

(I.3) Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in hedging reserve account. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to hedged risk. Any cumulative gain or loss on the hedging instrument recognised in hedging reserve is kept in hedging reserve until the forecast transaction occurs or the hedged accounting is discontinued. Amounts deferred to hedging reserve are recycled in the profit and loss Account in the periods when the hedged item is recognised in the profit and loss Account or when the portion of the gain or loss is determined to be an ineffective hedge.

(I.4) Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss Account immediately.

(I.5) Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to net profit or loss for the year.

(J) EMPLOYEE BENEFITS

(J.1) The Company has Defined Contribution Plans for post employment benefits namely Provident Fund and

Notes forming part of the Accounts

Superannuation Fund which are recognized by the Income Tax Authorities. These funds are administered through trustees and the Company's contributions thereto are charged to revenue every year. The Company also pays insurance premiums to fund a post-employment medical assistance scheme, a Defined Contribution Plan administered by ICICI Lombard General Insurance Company Limited which are charged to revenue every year. The Company's Contribution to State Plans namely Employee's State Insurance Fund and Employee's Pension Scheme are charged to revenue every year.

(J.2) The Company has Defined Benefit Plans namely leave encashment/compensated absences and Gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books. Gratuity scheme is administered through trust recognised by the Income Tax Authorities and/or by Life Insurance Corporation of India.

(J.3) Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(J.4) Compensation under voluntary retirement scheme is amortized over a period from the introduction of Scheme up to 31st March, 2010.

(K) BORROWING COST

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds. It is calculated on the basis of effective interest rate in accordance with Accounting Standard (AS) -30 and considered as revenue expenditure and charged to profit and loss account for the year in which it is incurred except for borrowing costs attributed to the acquisition/improvement of qualifying assets up to the date when such assets are ready for intended use which are capitalised as a part of the cost of such asset.

(L) LEASE ACCOUNTING

(L.1) Assets acquired under Finance Lease are segregated from the assets owned and recognized as asset at an amount equal to the fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments whichever is lower with corresponding outstanding liability.

(L.2) Lease rental payable on such finance lease has been apportioned between finance charge and the reduction in the outstanding liability. The finance charge has been allocated to periods during the lease term so as to produce constant periodic rate of interest on the remaining balance of liability for each period.

(L.3) Lease Rentals for assets acquired under operating lease are recognised as an expense in Profit & Loss Account on a straight line basis over the lease term.

(M) TAXES ON INCOME

(M.1) Tax expense consists of both current as well as deferred tax liability. Current tax represents amount of income tax payable including the tax payable u/s 115JB, if any, in respect of taxable income for the year.

(M.2) Minimum Alternate Tax Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax within the specified period.

(M.3) Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year that originates in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

(M.4) Deferred tax assets are recognised and carried forward to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(M.5) Fringe Benefits Tax (FBT) payable under the provisions of Section 115 WC of the Income Tax Act,1961 is in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the ICAI and treated as an additional income tax and considered in determination of the profit / loss for the year.

(N) EARNING PER SHARE

The company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

(O) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the accounts by way of a note. Contingent assets are neither recognized nor disclosed in the financial statements.

(P) CAPITAL ISSUE EXPENSES

Expenses on issue of Shares, Debentures and GDRs are being adjusted against Securities Premium Account as permitted by section 78 of the Companies Act.

Notes forming part of the Accounts

2. MANAGERIAL REMUNERATION :

A. DIRECTORS' REMUNERATION (Rs. in crore)

Particulars	2008-09	2007-08
Managing/Whole-time Directors		
(i) Salaries	**0.63**	0.66
(ii) Contribution to :		
Provident Fund	**0.08**	0.08
Superannuation Fund	**0.09**	0.10
Provision for Gratuity	**0.07**	0.08
(iii) Perquisites	**0.23**	0.86
(iv) Medical Expenses	**0.02**	0.01
(v) Other Allowances	**0.00**	0.70
Total	**1.12**	**2.49**
(vi) Estimated monetary value of perquisites on account of equipments	**0.00**	0.01
Total	**1.12**	**2.50**
(vii) Commission to Non Whole-time Directors	**0.00**	0.09
TOTAL	**1.12**	**2.59**

3. CONTINGENT LIABILITIES

(a) Bills discounted Rs. 74.58 Crore (Rs. 86.90 Crore).

(b) Claims against the Company not acknowledged as Debt Rs. 9.85 Crore (Rs. 10.34 Crore).

(c) Guarantees given by the Banks on behalf of the Company Rs. 6.67 Crore (Rs. 3.38 Crore).

(d) Guarantees given by the Company on behalf of the subsidiary/ joint venture companies Rs. 100.69 Crore (Rs.61.15 Crore).

(e) Excise/Custom demands, Sales Tax demands, Income Tax demands and Service Tax demand in dispute Rs. 20.37 Crore (Rs. 3.36 Crore), Rs. 15.92 Crore (Rs. 16.01 Crore), Rs. 5.98 Crore (Rs. 0.41 Crore) and Rs. 0.58 Crore (Rs. 0.53 Crore) respectively.

(f) Dividend on Redeemable Cumulative Non Convertible Preference Shares Rs. 0.74 Crore (Rs. 0.74 Crore).

4. The estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 13.37 Crore (Rs. 29.64 Crore).

5. (a) Equity Shares and Warrants

Subsequent to the balance sheet date:

(1) In the Extra Ordinary General Meeting of the Company held on May 12, 2009, the shareholders have approved the preferential allotment of 3,32,00,000 warrants to Promoters/Promoter Group at an issue price of Rs. 15/- which are convertible into 3,32,00,000 equity shares of Rs. 10/- each at a premium of Rs. 5/- at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches and;

(2) The Promoters/Promoter Group have not exercised the right for conversion of 4,10,00,000 warrants into Equity Shares with in the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand forfeited.

(b) Preference Shares

Preference shares issued in accordance with the Restructuring Scheme of the Company:

Class of Preference Shares (redeemable cumulative non-convertible)	Redemption period	Quarterly Instalments (% of Principal)
66,00,000 – 6% Preference shares of Rs. 100/- each. (Previous Year 66,00,000 – 6% Preference shares of Rs. 100/- each)	30.06.2004 to 31.03.2005	5%
	30.06.2005 to 31.03.2006	10%
	30.06.2006 to 31.03.2007	15%
	30.06.2007 to 31.03.2008	20%
	30.06.2008 to 31.03.2009	20%
	30.06.2009 to 31.03.2010	30%

Note : 20% of Principal amount was redeemed and paid during the year.

6. SECURED LOANS

(A) DEBENTURES

The break up of the Debentures and relevant details thereof are as under:

(Rs.in Crore)

No. of Debentures	Rate of Interest	Total amount of Issue	Balance as on 31.03.09	Balance as on 31.03.08
6,00,000 11% privately placed Secured Redeemable Non Convertible Debenture of Rs. 100/- each	11.00%	6.00	**2.10**	3.30
(Redeemable at Face value in Twenty Quarterly instalments commencing on April 1, 2006 and ending on January 1, 2011)				
Funded Interest (Payable on 31st March, 2010)			***1.03**	1.17
Total			**3.13**	**4.47**

* At Amortized Cost as per AS 30 against Original Cost of Rs. 1.17 Crore.

SECURITY :

6,00,000 11% Privately placed Secured Redeemable NCD of Rs. 100/- each

Secured by a first charge on Land and Building, Plant and Machinery and other assets of the Company situated at Bommasandra Industrial Area, Bangalore, subject to charges created for loans from banks and bank borrowings as referred in note (C) & (E) below.

Funded Interest

Second charge on all the Immovable Properties, Movable Properties, Intangible Properties and General Assets of the Company presently relating to the Textile Plants and all Immovable Properties, Movable Properties, Intangible Properties and General Assets acquired by the Company at any time after execution of and during the continuance of the Indenture of Mortgage.

Notes forming part of the Accounts

B) LOANS FROM BANKS, FINANCIAL INSTITUTIONS AND OTHERS

The loans from Banks stand secured as under:

Out of Term Loans of Rs.902.02 Crore

A. Loans amounting to Rs. 722.34 Crore are secured by first charge on all the Immovable Properties, Movable Properties, Intangible Properties and General Assets of the Company presently relating to the Textile Plants and all Immovable Properties, Movable Properties, Intangible Properties and General Assets acquired by the Company at any time after execution of and during the continuance of the Indenture of Mortgage and are also secured by second charge on all the Company's Current Assets both present and future relating to the Textile Plants. Out of these Rs. 362.31 Crore are additionally secured by first charge on Movable Fixed Assets of Jeans and Shirts Garment divisions at Bangalore.

B. Loan of Rs. 100.00 Crore is secured by exclusive charge on the Fixed Assets and Brands of Arvind Brands, Bangalore Division.

C. Loans of Rs. 0.40 Crore are secured by hypothecation of related vehicles.

D. Facilities of Rs. 78.15 Crore are secured by a first mortgage and charge on all the movable properties acquired by the Company from Anagram Finance Ltd. The said facilities are also secured by first *pari passu* pledge by Asman Investments Ltd. (A Subsidiary of the Company) of 28% shareholding in Arvind Products Ltd. and by a first *pari passu* pledge of 0.21% shareholding in the Company by its promoters.

E. Loan amounting to Rs. 1.13 Crore is secured by some of the movable properties of Arvind Brands, Bangalore Division by deposit of title deeds and also by hypothecation of all movable properties of Bangalore Division.

Out of Cash Credit and other facilities of Rs. 765.99 Crore

Secured by first charge on all the Company's Current Assets presently relating to the Textile Plants and all the Current Assets acquired by the Company at any time after the execution of and during the continuance of the Indenture of Mortgage. They are also secured by a second charge over all the Immovable Properties, Movable Properties, Intangible Properties and General Assets of the Company presently relating to the Textile Plants and all Immovable Properties, Movable Properties, Intangible Properties and General Assets acquired by the Company at any time after execution of and during the continuance of the Indenture of Mortgage. Some of the facilities are additionally secured by second charge on movable Plant and Machinery of the Jeans and Shirts Garment divisions at Bangalore.

From Financial Institutions and others

The loans from Financial Institutions and others stand secured as under:

Out of Loans of Rs. 249.76 Crore

A. Loans amounting to Rs. 247.92 Crore are secured by first charge on all the Immovable Properties, Movable Properties, Intangible Properties and General Assets of the Company presently relating to the Textile Plants and all Immovable Properties, Movable Properties, Intangible Properties and General Assets acquired by the Company at any time after execution of and during the continuance of the Indenture of Mortgage and are also secured by second charge on all the Company's Current Assets both present and future relating to the Textile Plants. Out of these Rs. 19.03 Crore are additionally secured by first charge on Movable Fixed Assets of Jeans and Shirts Garment divisions at Bangalore.

B. Facilities of Rs. 1.84 Crore are secured by a first mortgage and charge on all the movable properties acquired by the Company from Anagram Finance Ltd. The said facilities are also secured by first *pari passu* pledge by Asman Investments Ltd. (A Subsidiary of the Company) of 28% shareholding in Arvind Products Ltd. and by a first *pari passu* pledge of 0.21% shareholding in the Company by its promoters.

"Textile Plants" means all immovable properties, and all movable properties of the Company, including moveable machinery, machinery spares, tools and accessories, but excluding Investments and excluding current assets charged in favour of the Working Capital Lenders, at the following textile plants of the Company:

a) Naroda Road, District Ahmedabad
b) Village Santej at Taluka Kalol, District Mehsana
c) Village Khatrej at Taluka Kalol, District Mehsana
d) Asoka Spintex Division at Naroda Road, District Ahmedabad
e) Asoka Cotsyn Division at Khokhara Memdabad, District Ahmedabad

7. Other Liabilities include Rs. 3.22 Crore (Rs. 2.45 Crore) on account of book overdraft.

8. During the year, the Company has capitalised the borrowing cost of Rs. 0.74 Crore (Rs. Nil).

9. Current Assets includes Rs. 152.04 Crore (Rs. 53.37 Crore) due from subsidiary companies. Current Liabilities includes Rs. 66.43 Crore (Rs. 7.55 Crore) due to subsidiary companies.

10. Impairment of Fixed Assets

In accordance with the Accounting Standard (AS-28) on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, during the year the Company has reassessed its fixed assets and is of the view that no further impairment/ reversal is considered to be necessary in view of its expected realisable value.

11. Early adoption of AS 30, Financial Instruments:Recognition and Measurement

Consequent to the Announcement of the Institute of Chartered Accountants of India (ICAI), the Company has chosen to early adopt 'Accounting Standard – 30, Financial Instruments: Recognition and Measurement' in its entirety, read with limited revisions in various other Accounting Standards, as published by ICAI. Accordingly all the financial assets and financial liabilities and derivatives have been remeasured at their respective fair values or at amortized cost as against cost or market value whichever is lower, as on 1st July 2008 i.e. the date of adoption of the standard as well as on 31st March 2009.

In the spirit of complete adoption of AS- 30, the Company has also implemented the consequential limited revisions to 'Accounting Standard – 11' on 'The Effects of Changes in Foreign Exchange Rates' and 'Accounting Standard – 13' on 'Accounting for Investments' as have been announced by the ICAI. As a result, during the year, the Company has changed the designation and measurement of all its significant financial assets and liabilities. The effect of above change in accounting policy has resulted as under:

Notes forming part of the Accounts

- The resulting loss as at 1st July, 2008, amounting to Rs. 80.10 Crore has been adjusted against opening balance of Profit and Loss Account in accordance with transitional provisions.
- The resulting loss as at 1st July, 2008, on fair valuation of investment available for sale amounting to Rs. 8.83 Crore has been transferred to Investment Revaluation Reserve account.
- As on Balance Sheet date, Investments are lower by Rs. 10.64 Crore, Secured Loans are lower by Rs. 3.85 Crore, Unsecured Loans are higher by Rs. 3.18 Crore, Hedge Reserve account is debited by Rs. 106.41 Crore on account of fair valuation of outstanding derivatives, Loss for the year is lower by Rs. 105.74 Crore and the aggregate Reserves are lower by Rs. 0.85 Crore.

12. Foreign Exchange Differences

Hither to the Company has recognized the exchange rate difference arising on restatement of long-term foreign currency loans which are related to acquisition of depreciable fixed assets in the profit and loss account. As per the notification issued by the Ministry of Corporate Affairs dated 31st March, 2009, the Company has exercised the option for accounting of exchange rate differences with effect from April 1, 2007. Consequent to the adoption of that option:

(a) Exchange rate differences of long-term foreign currency loans which are related to acquisition of depreciable fixed assets have been added to or deducted from the cost of the assets and depreciated over the balance life of the assets and;

(b) Exchange rate differences on other long-term foreign currency loans have been transferred to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized over the balance period of loans or up to 31st March, 2011 whichever is earlier.

Due to such change in the accounting policy:

a) An amount of Rs. 6.02 Crore being the exchange rate difference (Net of depreciation effect of Rs. 1.72 Crore) pertaining to the year 2007-08 has been adjusted against the fixed assets and debited to the opening balance of profit and loss account.

b) An amount of Rs. 3.57 Crore being the exchange rate difference (Net of amortization of Rs. 0.77 Crore) pertaining to the year 2007-08 has been adjusted against 'Foreign Currency Monetary Item Translation Difference Account' and debited to the opening balance of profit and loss account.

c) An amount of Rs. 13.71 Crore being the exchange rate loss (Net of depreciation charge of Rs. 3.08 Crore) for the year has been adjusted against the fixed assets.

d) An amount of Rs. 10.35 Crore being the exchange rate loss (Net of amortization of Rs. 1.35 Crore) for the year has been adjusted against 'Foreign Currency Monetary Item Translation Difference Account'.

e) Due to such change in the policy, the loss for the year is lower by Rs. 14.47 Crore.

f) An amount of Rs. 6.77 Crore being the exchange rate difference remains to be amortized as at the balance sheet date.

13. Employee Benefits

Consequent to the adoption of Accounting Standard on Employee Benefits (AS 15 Revised 2005) issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard :

(i) Defined Contribution Plans

The Company has recognised the following amounts in the Profit and Loss Account for Defined Contribution Plans:

(Rs. in Crore)

Particulars	2008-2009	2007-2008
Provident Fund	**8.67**	8.84
Superannuation Fund	**2.16**	2.53

The Company's Provident Fund is administered by the Trust except for Branded Garment Divisions at Bangalore which is administered by the State Government. The Rules of the Company's Provident Fund administered by a Trust require that if the Board of the Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future.

(ii) State Plans

The Company has recognised the following amounts in the Profit and Loss Account for Contribution to State Plans:

(Rs. in Crore)

Particulars	2008-2009	2007-2008
Employee's State Insurance	4.04	4.16
Employee's Pension Scheme	5.46	5.73

(iii) Defined Benefit Plans

(a) Leave Encashment/Compensated Absences

Salaries, Wages and Bonus includes Rs.2.66 Crore (Rs. 3.11 Crore) towards provision made as per actuarial valuation in respect of accumulated leave encashment/ compensated absences.

(b) Contribution to Gratuity Funds

The details of the Company's Gratuity Fund for its employees including Managing Director are given below which is certified by the actuary and relied upon by the auditors :

(Rs. in Crore)

Particulars	2008-2009	2007-2008
Change in the Benefit Obligations :		
Liability at the beginning of the year	**34.41**	33.93
Interest Cost	**2.81**	2.71
Current Service Cost	**4.34**	3.41
Benefits Paid	**(8.27)**	(6.54)
Actuarial Loss	**1.71**	0.90
Liability at the end of the year	**35.00**	**34.41**
Fair Value of Plan Assets :		
Fair Value of Plan Assets at the beginning of the year	**35.57**	32.66
Expected Return on Plan Assets	**2.96**	2.81
Contributions	**4.54**	5.98
Benefits Paid	**(8.27)**	(6.54)

Notes forming part of the Accounts

Particulars	2008-2009	2007-2008
Actuarial gain/(loss) on Plan Assets	(1.90)	0.66
Fair Value on Plan Assets at the end of the year	32.90	35.57
Total Actuarial Loss to be recognized	3.61	0.24
Actual Return on Plan Assets :		
Expected Return on Plan Assets	2.96	2.81
Actuarial gain/(loss) on Plan Assets	(1.90)	0.66
Actual Return on Plan Assets	1.06	3.47
Amount Recognized in the Balance Sheet :		
Liability at the end of the year	35.00	34.41
Fair Value of Plan Assets at the end of the year	32.90	35.57
Amount recognized in the Balance Sheet under "Provision for Retirement Benefit"	2.10	(1.16)
Expense Recognized in the Profit and Loss Account :		
Interest Cost	2.81	2.71
Current Service Cost	4.34	3.41
Expected Return on Plan Assets	(2.96)	(2.81)
Net Actuarial loss to be recognized	3.61	0.24
Expense recognized in the Profit and Loss Account under "Employee Emoluments"	7.80	3.55
Reconciliation of the Liability Recognized in the Balance Sheet :		
Opening Net Liability	(1.16)	1.27
Expense Recognized	7.80	3.55
Contribution by the Company	(4.54)	(5.98)
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	2.10	(1.16)

Based on the above allocation and the prevailing yields on these assets, the long-term estimate of the expected rate of return on fund assets has been arrived at.

Principal Assumptions:

Particulars	Current Year (%)	Previous Year (%)
Discount Rate	7-8	8
Return on Plan Assets	8	8

INVESTMENT PATTERN:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government Securities	0.78	1.41
State Government Securities/ Securities guaranteed by State/ Central Government	2.06	2.78
Public Sector/Financial Institutional Bonds	13.16	14.72
Portfolio with Mutual Fund	83.28	80.15
Others (including bank balances)	0.72	0.94
Total	100	100

14. Disclosure in respect of Construction/Job work Contracts

(Rs. in Crore)

Sr.		Particulars	2008-09	2007-08
1.		Amount of Contract Revenue recognised	1.89	2.09
2.		Disclosure in respect of contracts in progress at the reporting date		
	A.	Contract cost incurred and recognised profits less recognised losses up to the reporting date	Nil	1.84
	b.	Progress billings	Nil	1.84
	c.	Due from customers	Nil	Nil
	d.	Due to customers	Nil	Nil

15. Disclosures in respect of Joint Venture

(a) List of Joint Venture

Sr. No.	Name of Joint Venture	Description of Interest (Description of job)	Proportion of ownership interest	Country of Incorporation	Country of Residence
1	Arya Omnitalk Wireless Solutions Limited	Jointly Controlled Entity	50%	India	India
2	Arvind Murjani Brands Pvt. Ltd.	Jointly Controlled Entity	50%	India	India
3	VF Arvind Brands Pvt. Ltd.	Jointly Controlled Entity	40%	India	India

(b) Financial interest in Jointly Controlled Entity (Unaudited)

(Rs. in Crore)

Sr. No.	Name of Joint Venture	Company's share of			
		Assets	Liabilities	Income	Expenses
		As at 31st March, 2009		For the year	
1	Arya Omnitalk Wireless Solutions Limited	11.95 (10.90)	8.99 (8.77)	11.93 (10.23)	10.63 (9.20)
2	Arvind Murjani Brands Pvt. Ltd.	16.16 (11.62)	12.13 (11.17)	23.93 (16.45)	23.55 (17.41)
3	VF Arvind Brands Pvt. Ltd.	89.37 (102.81)	91.15 (70.65)	82.93 (60.41)	116.67 (87.81)

Company's share in :

(i) Contingent Liability in respect of guarantee given by Bank Rs. 0.37 Crore (Rs. 0.63 Crore).

(ii) Disputed Demand in respect of Excise Duty and Sales Tax Rs. 0.03 Crore (Rs. 0.03 Crore) and Rs. 0.02 Crore (Rs. Nil) respectively.

(iii) Capital commitments Rs. 0.73 Crore (Rs. 2.58 Crore).

(iv) Counter Guarantee given to ultimate holding company Rs. 69.60 crore (Rs. 52.00 Crore).

16. Lease Rent:

(A) Factory Building is taken on lease period of 18 to 20 years with no option of renewal, no sub lease of the building and having an escalation clause for increase in lease rental by 15% after every 3 years.

Notes forming part of the Accounts

The particulars of these leases are as follows: (Rs. in Crore)

Particulars	2008-09	2007-08
Future Minimum lease payments obligation on non-cancellable operating leases:	76.75	82.68
Not later than one year	4.06	4.34
Later than one year and not later than Five years	16.27	20.64
Later than five years	56.42	57.70
Lease Payment recognised in Profit & Loss Account	4.72	5.79

(B) Plant and Machineries are taken on operating lease for a period of 3 to 60 months with the option of renewal.

The particulars of these leases are as follows: (Rs. in Crore)

Particulars	2008-09	2007-08
Future Minimum lease payments obligation on non-cancellable operating leases :	20.53	24.77
Not later than one year	4.63	4.73
Later than one year and not later than Five years	15.90	17.81
Later than five years	NIL	2.23
Lease Payment recognized in Profit & Loss Account	7.92	8.37

(C) Rent expense includes lease rental payments towards office premises, showrooms and other facilities. Such leases are generally for a period of 11 to 108 months with the option of renewal against increased rent.

The particulars of these leases are as follows: (Rs. in Crore)

Particulars	2008-09	2007-08
Future Minimum lease payments obligation on non-cancellable operating leases :	141.26	207.36
Not later than one year	38.47	59.24
Later than one year and not later than Five years	81.42	114.20
Later than five years	21.37	33.92
Lease Payment recognized in Profit & Loss Account	50.70	42.46

(D) Plant & Machineries – Data Processing Equipments have been acquired under Finance Lease for a period of 33 months with the option of renewal.

The particulars of these leases are as follows: (Rs. in Crore)

Particulars	Minimum lease payments	Present Value of Minimum lease payments	Interest and Other Charges not due
Future Minimum lease payments obligation :	1.74	1.50	0.24
Not later than one year	0.64	0.60	0.04
Later than one year and not later than Five years	1.10	0.90	0.20
Later than five years	NIL	NIL	NIL

(E) Rent Income includes Lease Rental received towards Plant and Machineries. Such operating lease is generally for a period of 5 years with the option of renewal on mutual consent and premature termination of agreement through agreed notice period.

The particulars of these leases are as follows: (Rs. in Crore)

Particulars	2008-09	2007-08
Future Minimum lease payments under non-cancellable operating leases :	0.07	0.17
Not later than one year	0.07	0.10
Later than one year and not later than Five years	NIL	0.07
Later than five years	NIL	NIL
Lease Income recognised in Profit & Loss Account	0.09	0.09

(F) Rent Income also includes Lease Rental received towards Office Building. Such operating lease is generally for a period of 36 months.

The particulars of these leases are as follows: (Rs. in Crore)

Particulars	2008-09	2007-08
Future Minimum lease payments under non-cancellable operating leases :	1.06	NIL
Not later than one year	0.53	NIL
Later than one year and not later than Five years	0.53	NIL
Later than five years	NIL	NIL
Lease Income recognised in Profit & Loss Account	0.53	NIL

Other Disclosure:

Class of Assets given on Lease	Gross Block		Depreciation Fund		
	As at 31-03-08	As at 31-03-09	As at 31-03-08	For the Year	As at 31-03-09
Plant and Machineries	5.68	5.68	3.43	0.59	4.02
Office Buildings	16.21	16.21	2.25	0.27	2.53

17. Micro & Small Enterprises Dues

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures regarding:

(a) Amount due and outstanding to suppliers as at the end of accounting year

(b) Interest paid during the year

(c) Interest payable at the end of the accounting year

(d) Interest accrued and unpaid at the end of the accounting year, have not been given.

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act.

Notes forming part of the Accounts

18. Auditors' Remuneration:

(Rs. in crore)

Statutory Auditors	2008-2009	2007-2008
- As Auditors	0.35	0.50
- In Other Capacity		
Tax Audit Matters	0.18	0.18
Taxation Matters	0.08	0.08
Company Law Matters and Other Services including Certification Work (includes Rs. 0.14 Crore pertaining to previous year)	0.60	0.43
- Out of Pocket Expenses	0.04	0.04
Cost Auditor		
- Cost Audit Fees	0.02	0.02

19. Notes to Cash Flow Statement

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard – 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Figures in bracket represent outflow of cash.
3. Cash and Cash Equivalents includes Rs. 0.29 Crore (Previous Year Rs. 0.07 Crore) not available for use by the Company.

20. Segment Reporting

(A) Primary Segment (Business Segment)

(Rs. in Crore)

Particulars	2008-09	2007-08
Segment Revenue		
a) Textiles	1761.14	1797.19
b) Branded Garments	573.10	502.42
c) Others	29.19	20.95
d) Unallocable	(0.04)	0.16
Total Sales	2363.39	2320.72
Less :Inter Segment Revenue	18.40	30.39
Net Sales	2344.99	2290.33
Segment Results		
Segment Results before Interest & Finance Cost		
a) Textiles	126.42	157.72
b) Branded Garments	11.88	13.30
c) Others	5.84	3.47
d) Unallocable	31.03	(12.94)
Total Segment Results	175.17	161.55
Less : Interest & Finance Cost	222.13	131.40
Profit/(Loss) from Ordinary Activities	(46.96)	30.15
Extra Ordinary Items (Net)	0.00	0.00
Profit/(Loss) before Tax	(46.96)	30.15

Particulars	2008-09	2007-08
Other Information		
Segment Assets		
a) Textiles	2272.30	2342.97
b) Branded Garments	493.10	408.75
c) Others	23.66	19.24
d) Unallocable	1027.38	957.52
Total Assets	3816.44	3728.48
Segment Liabilities		
a) Textiles	382.18	155.66
b) Branded Garments	158.75	149.54
c) Others	4.90	6.79
d) Unallocable	62.94	49.73
Total Liabilities	608.77	361.72
Segment Depreciation/Impairment		
a) Textiles (Including Impairment Loss of Rs. Nil (Rs. 11.58 Crore))	103.50	122.12
b) Branded Garments	12.95	7.57
c) Others	0.85	1.16
d) Unallocable	4.75	5.79
Total Depreciation/Impairment	122.05	136.64
Capital Expenditure		
a) Textiles	53.18	89.51
b) Branded Garments	59.23	65.89
c) Others	1.18	0.60
d) Unallocable	1.66	23.78
Total Capital Expenditure	115.25	179.78
Non cash expenses other than Depreciation		
a) Textiles	0.68	0.60
b) Branded Garments	1.58	0.56
c) Others	0.00	0.04
d) Unallocable	0.03	0.12
Total Non cash expenses other than Depreciation	2.29	1.32

(B) Secondary Segment (Geographical by Customers)

(Rs. in Crore)

Particulars	2008-09	2007-08
Segment Revenue		
a) In India	1350.30	1323.15
b) Outside India	994.69	967.18
Total Sales	2344.99	2290.33
Carrying Cost of Assets by location of Assets		
a) In India	3714.09	3615.21
b) Outside India	102.35	113.27
Total	3816.44	3728.48
Addition to Assets		
a) In India	115.25	179.78
b) Outside India	0.00	0.00
Total	115.25	179.78

Notes forming part of the Accounts

Notes :

1. The Company has disclosed business segments as the primary segment. Segments have been identified taking into account the nature of the products, differential risks and returns, the Organizational structure and internal reporting system. The Company's operations predominantly relate to manufacturing of textiles and Branded Garments.

2. Types of Products and Services in each business segment :

   Textiles : Yarn, Fabric and Garments

   Branded Garments : Branded Garments

   Others : EPABX and RAX Systems (Electronic Division), I.T. Services and Construction business

3. Intersegment Revenues are recognised at sales price.

21. Related Party Disclosures

As per the Accounting Standard on "Related Party Disclosures" (AS 18) issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows :

List of Related Parties & Relationship :

Subsidiary Companies	Key Management Personnel and relatives	Joint Venture
(A)	(B)	(C)
Asman Investment Limited	Shri Sanjay S. Lalbhai, Chairman and Managing Director	Arya Omnitalk Wireless Solutions Limited
Arvind Products Limited	Shri Jayesh K. Shah, Director & Chief Financial Officer	Arvind Murjani Brands Private Limited
Arvind Brands Limited (Upto 1st August, 2008)	Shri Punit S. Lalbhai , Son of Chairman and Managing Director	VF Arvind Brands Pvt. Ltd.
Lifestyle Fabrics Limited		
The Anup Engineering Limited		
Arvind Retail Limited (Formerly known as Aakar Foundationwear Limited)		
Arvind Worldwide Inc., USA		
Arvind Worldwide (M) Inc., Mauritius		
Arvind Overseas (M) Limited, Mauritius		
Arvind Spinning Limited, Mauritius		
Arvind Textile Mills Limited, Bangladesh		
Arvind Lifestyle Brand Limited (Formerly known as Pinnacle Risk Advisory Services Limited) (w.e.f. 30th September, 2008)		
Arvind Accel Limited		
Syntel Telecom Limited (w.e.f. 28th January, 2009)		

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

Related Party Transactions :

(Rs. in Crore)

Nature of Transactions	Referred in 1(A) Above		Referred in 1(B) Above		Referred in 1(C) Above	
	2008-09	2007-08	**2008-09**	2007-08	**2008-09**	2007-08
Purchases						
Goods and Materials	**70.06**	47.82			**65.22**	82.30
Fixed Assets	**0.20**	0.26				
Sales						
Goods and Materials	**68.63**	72.27			**15.86**	18.21
Fixed Assets	**0.87**	1.35				
Expenses						
Receiving of Services	**49.77**	47.13			**3.64**	2.85
Remuneration & Other Services			**1.18**	2.49		
Agent Commission	**0.09**	0.09				
Others	**0.71**	0.99			**0.03**	0.05

Notes forming part of the Accounts

Nature of Transactions	Referred in 1(A) Above		Referred in 1(B) Above		Referred in 1(C) Above	
	2008-09	2007-08	**2008-09**	2007-08	**2008-09**	2007-08
Income						
Rendering of Services	**39.72**	35.34			**49.97**	36.16
Interest Income	**19.45**	0.00			**0.54**	0.82
Finance						
Lease Rent Income	**0.10**	0.10				
Loan Given/(Repaid) (Net)	**6.05**	(0.41)				
Lease Rent Expenses	**0.37**	0.76				
Guarantees & Collaterals	**89.54**	53.43			**11.15**	0.00
Credit Balance written back	**0.00**	8.09				
Investments (Net)	**0.89**	54.05			**0.00**	2.28
Outstanding :						
Receivable in respect of						
Current Assets	**152.04**	53.37			**16.72**	17.43
Receivable in respect of loans	**164.11**	141.42				
Payable in respect of						
Current Liabilities	**66.43**	7.55			**36.12**	42.71

(Rs. in Crore)

Name of Subsidiary	Loans & Advances in the nature of Loans	
	Closing Balance	Maximum Outstanding
Arvind Overseas (Mauritius) Limited	7.91	7.91
Asman Investments Limited	140.65	140.66
Arvind Products Limited	77.93	79.44
Arvind Worldwide (M) Inc.	4.79	4.79
Arvind Worldwide Inc. USA	5.87	5.87
Arvind Accel Limited	0.25	0.25
Arvind Retail Limited	0.12	0.12
Anup Engineering Limited	4.76	4.76
Arvind Textile Mills Limited, Bangladesh	0.01	0.01
Arvind Lifestyle Limited	0.07	0.07
Syntel Telecom Limited	0.13	0.14
Total	**242.49**	**244.02**

Note :

1. No repayment schedule has been fixed in case of above mentioned Loans & Advances in the nature of loans given to Subsidiary Companies and some of them are interest free.

22. Earning Per Share (EPS)

Particulars		2008-09	2007-08
(Loss)/Profit available to Equity Shareholder	Rs. in Crore	**(49.84)**	24.46
Weighted average no. of Equity Shares for Basic EPS	Nos.	**218977541**	209482746
Weighted average no. of Equity Shares for Diluted EPS	Nos.	**260635024**	250482746
Nominal value of Equity Shares	Rs.	**10**	10
Basic Earning per Equity Share	Rs.	**(2.28)**	1.17
Diluted Earning per Equity Share	Rs.	**(1.91)**	0.98

(Rs.in Crore)

(A) Reconciliation of (Loss)/Profit for the year, used for calculating Earning per Share	2008-09	2007-08
(Loss)/Profit for the year before Extra Ordinary Items	**(47.87)**	27.36
Less: Dividend on redeemable cumulative non Convertible Preference Shares	**1.68**	2.48
Less : Tax on Preference Dividend	**0.29**	0.42
(Loss)/Profit available to Equity Shareholder	**(49.84)**	24.46

(B) Weighted average number of Equity Shares	2008-09	2007-08
No. of Shares for Basic EPS	**218977541**	209482746
No. of Shares for Diluted EPS after considering Potential equity shares to be converted from warrants and dilute effect of outstanding stock options	**260635024**	250482746

23. Employee Share Based Payment

a) During the year the Company has formulated Employee Stock Option Scheme (ESOS 2008), the features of which are as follows :

Scheme	ESOS 2008
Date of Grant	October 25, 2008
Number of options granted	28,00,000
Exercise Price per option	Rs. 14.65
Date of vesting	The vesting will be as under : 25% on April 30, 2010 25% on April 30, 2011 25% on April 30, 2012 25% on April 30, 2013
Exercise Period	Within 3 years from the date of respective vesting.
Method of settlement	Through allotment of one Equity Share for each option granted.

Notes forming part of the Accounts

b) Intrinsic Value Method has been used to account for the employee share based payment plans. The intrinsic value of each stock option granted under the ESOS 2008 plan is Rs. Nil since the market price of the underlying share at the grant date was same as the exercise price and consequently the accounting value of the option (compensation cost) is Rs. Nil.

c) Further details of the stock option plans is as follows :

Particulars	ESOS 2008
Options Outstanding at start of year	Nil
Options Granted During the year	28,00,000
Options Lapsed during the year	Nil
Options Exercised during the year	Nil
Options vested but not exercised at end of year	Nil
Options not vested at end of year	28,00,000
Weighted Average Exercise Price per Option	Rs. 14.65

d) The Black-Scholes-Mertons Option Pricing Model have been used to derive the estimated value of stock option granted if the fair value method to account for the employee share based payment plans were to be used. The estimated value of each stock options and the parameters used for deriving the estimated value of Stock Option granted under Black-Scholes-Mertons Option Pricing Model is as follows:

Particulars	ESOS 2008 – Vesting on April 30,			
	2010	2011	2012	2013
Estimated Value of Stock Options (Rs.)	6.57	7.16	7.92	8.50
Share Price at Grant Date (Rs.)	14.65	14.65	14.65	14.65
Exercise Price (Rs.)	14.65	14.65	14.65	14.65
Expected Volatility (%)	58.74%	54.53%	54.46%	53.71%
Dividend Yield Rate (%)	0.50%	0.50%	0.50%	0.50%
Expected Life of Options(in years)	3.01	4.01	5.02	6.02
Risk Free Rate of Interest (%)	7.57%	7.61%	7.65%	7.70%

e) Had the compensation cost for the stock options granted under ESOS 2008 been determined on fair value approach, the Company's net loss and earning per share would have been as pro forma amounts indicated below:

(Rs. in crore)

Particulars	2008-09
Net Loss After Tax as reported	(49.84)
Less : Amortisation of Compensation Cost (pro forma)	(0.36)
Net Loss considered for computing EPS (pro forma)	(50.20)
Earning Per Share - (Basic)	
- as reported	(2.28)
- pro forma	(2.29)
Earning Per Share - (Diluted)	
- as reported	(1.91)
- pro forma	(1.93)

24. Deferred Tax

In terms of the provisions of the Accounting Standard – 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, there is a net deferred tax asset on account of accumulated business losses and unabsorbed depreciation.

In compliance with provisions of Accounting Standard and based on General Prudence, the Company has not recognised the deferred tax asset nor written back excess deferred tax liability, while preparing the accounts of the year under review.

25. Sundry Debtors, Sundry Creditors and Loans and Advances include certain accounts which are subject to confirmation/reconciliation and consequential adjustments if any, the effect of which is not ascertainable.

26. Disclosure in respect of

(a) Provision for Disputed Matters

The Company had made provisions for pending disputed matters in respect of Indirect Taxes like Sales Tax, Excise Duty and Custom Duty in respect of Branded Garment Divisions acquired on Amalgamation/Merger, the liability for which may arise in the future, the quantum whereof will be determined as and when the matters are disposed of.

Indirect Taxes (Rs. in Crore)

Particulars	2008-09	2007-08
Opening Balance	3.30	3.93
Add : Provision made	0.00	0.00
Less : Provision reversed	0.49	0.63
Closing Balance	**2.81**	3.30

(b) Provision for Fair Valuation Loss on Derivatives

The Company had made provisions for Fair Valuation Loss on Derivatives, the liability for which may arise in the future, the quantum whereof will be determined as and when the derivatives are settled/cancelled.

(Rs. in Crore)

Particulars	2008-09	2007-08
Opening Balance	**12.56**	0.00
Add : Provision made	**122.49**	12.56
Less : Provision reversed	**12.56**	0.00
Closing Balance	**122.49**	12.56

Notes forming part of the Accounts

27. Category-wise Quantitative data about derivative instruments outstanding:

Particulars	Currency	As at 31st March, 2009			As at 31st March, 2008		
		In Mn	Avg. Ex. Rate	Rs. In Crs.	In Mn	Avg. Ex. Rate	Rs. in Crs.
Forward Sales	USD	243.94	47.0400	1147.50	116.37	40.0331	465.88
	EUR	11.90	64.3448	76.57	8.01	40.0253	32.06
	GBP	6.19	72.3732	44.81	6.32	40.9935	25.92
Forward Purchase	USD	12.80	51.4236	65.82	32.00	40.3130	129.00
Option Deals	USD	6.00	48.9000	29.34	3.75	40.4435	15.17
	EUR	7.10	76.4858	54.27	15.14	55.1211	83.45

The Company has borrowed long-term as well as short-term Loans in Foreign currency but as the Company is net foreign currency surplus Company, there is no unhedged exposure in foreign currency.

28. Breakup of Sales (Net of Excise)

	Class of Goods	Unit of Quantity	2008-09 Quantity * in crore	2008-09 Amount Rs. in crore	2007-08 Quantity * in crore	2007-08 Amount Rs. in crore
(A)	**Textile :**					
	Cloth	Meters	9.43	1126.46	9.47	1020.94
	Grey	Meters	0.02	1.28	0.07	4.50
	Grey	Kgs	(42,597)	0.22	(28,049)	0.15
	Knit Fabric	Kgs	0.15	49.00	0.19	46.13
	Cotton	Kgs	0.13	6.53	1.76	101.85
	Yarn	Kgs	0.26	36.52	0.44	55.13
				1220.01		1228.70
(B)	**Electronics :**					
	EPABX / RAX	Lines	0.02	20.28	0.01	10.82
	Delta	Lines	(6336)	0.67	(6347)	1.32
	Others			6.34		5.28
				27.29		17.42
(C)	**Garments**	Nos.	2.39	962.22	2.16	837.44
(D)	**Utility**			25.08		26.23
(E)	**I T Services**			0.01		(Rs. 23,000/-)
(F)	**Others Sales**			60.58		59.29
	Total Sales			2295.19		2169.08

* After adjusting shortages/excess, if any.

29. Breakup of Raw Materials Consumed :

Item	Unit of Quantity	2008-09 Quantity in crore	2008-09 Amount Rs. in crore	2007-08 Quantity in crore	2007-08 Amount Rs. in crore
Cotton	Kgs	4.97	319.11	5.94	306.05
Yarn/Fibre *	Kgs	1.29	201.29	1.38	197.09
Grey Cloth	Meters	0.24	26.79	0.17	13.33
Fabric	Meters	1.01	92.09	0.26	49.41
Others**			56.55		45.38
			695.83		611.26

* Net of consumption capitalized – Kgs Nil (0.05 crore), Rs. Nil (Rs. 5.86 Crore)

** In view of large number of items, individually costing less than 10% of the total sales and closing stock, quantitative details cannot be given.

Notes forming part of the Accounts

30. Breakup of Purchases of Finished Goods and others

Item	Unit of Quantity	2008-09 Quantity in crore	2008-09 Amount Rs. in crore	2007-08 Quantity in crore	2007-08 Amount Rs. in crore
Textiles :					
Cloth	Meters	**0.09**	**13.16**	0.08	10.26
Cloth	Kgs	**Nil**	**Nil**	(13,472)	0.23
Cotton	Kgs	**0.13**	**8.22**	1.76	100.23
Others			**0.02**		0.00
			21.40		110.72
Electronics :					
Delta	Lines	**(13,900)**	**1.04**	(5023)	0.69
Garments :					
Garments	Nos.	**0.71**	**268.45**	0.66	235.71
Total			**290.89**		347.12

31. Breakup of Finished Goods Stock (Including Traded Goods)

Item	Unit of Quantity	2008-09 Quantity in crore	2008-09 Amount Rs. in crore	2007-08 Quantity in crore	2007-08 Amount Rs. in crore
Opening Stocks :					
Textiles					
Cloth	Meters	**0.79**	**89.35**	0.94	95.55
Knits Fabric	Kgs	**0.04**	**10.20**	0.03	7.00
Yarn	Kgs	**0.05**	**4.52**	0.03	2.89
			104.07		105.44
Electronics :					
FCBC/PBT	Nos.	**0**	**0**	(24)	(30074)
EPABX/RAX	Lines	**(1597)**	**0.10**	0	0.00
Delta	Lines	**(716)**	**0.10**	(2040)	0.15
			0.20		0.15
Garments:					
Garments	Nos.	**0.46**	**138.96**	0.34	92.83
Total			**243.23**		198.42

32. Breakup of Finished Goods Stock (Including Traded Goods)

Item	Unit of Quantity	2008-09 Quantity in crore	2008-09 Amount Rs. in crore	2007-08 Quantity in crore	2007-08 Amount Rs. in crore
Closing Stocks :					
Textiles:					
Cloth	Meters	**0.58**	**68.11**	0.79	89.35
Knit Fabrics	Kgs	**0.02**	**7.57**	0.04	10.20
Yarn	Kgs	**0.01**	**0.68**	0.05	4.52
			76.36		104.07
Electronics :					
FCBC/PBT	Nos.	**0**	**0**	0	0
EPABX/ RAX	Lines	**(3327)**	**0.07**	(1597)	0.10
Delta	Lines	**(8280)**	**0.69**	(716)	0.10
Others					
			0.76		0.20
Garments :					
Garments	Nos.	**0.52**	**178.27**	0.46	138.96
Total			**255.39**		243.23

Notes forming part of the Accounts

33. Actual Production

Class of Goods	Unit of Quantity	2008-09 Quantity in crore	2007-08 Quantity in crore
Cloth *	Meters	**9.13**	9.24
Cloth **	Kgs	**0.13**	0.20
Yarn ***	Kgs	**0.14**	0.39
EPABX	Lines	**0.02**	0.01
Garments****	Nos.	**1.74**	1.62
Yarn @	Kgs	**0.09**	0.06
Grey @	Meters	**0.02**	0.07
Grey @	Kgs	**(42957)**	(28049)

* Net of internal consumption of 0.67 crore (1.15 crore) Metres
** Net of internal consumption of 0.27 crore (0.18 crore) Kgs
*** Net of internal consumption of 1.39 crore (1.78 crore) Kgs
**** Includes Garments produced outside the Company by Job workers
@ Semi Processed Goods meant for Sale.

Note :
Quantity of cloth shown in opening stock, production & closing stock is packed cloth only and does not include loose finished cloth lying in folding/ stamping department.

34. Installed Capacity

	Installed Capacity	
Particulars	**2008-09**	**2007-08**
Spindles	**106776**	106776
Rotors	**8112**	7824
Stitching Machines	**678**	678
Knitting Machines	**116**	116
Looms	**1012**	1012
EPABX/RAX System Lines	**200000**	200000
Garments (Pcs.)	**12340000**	12340000

Notes :

1. The Company is exempt from the licensing provisions of the Industrial (Development & Regulation) Act, 1951.
2. Installed Capacity is as certified by the management and relied upon by the auditors, being a technical matter.

35. C.I.F value of Imports

(Rs. in Crore)

	2008-09	2007-08
(a) Capital Goods	**8.07**	38.40
(b) Dyes & Chemicals , Stores and Spares Parts	**53.71**	41.13
(c) Raw Materials & Accessories	**66.98**	41.59
(d) Finished Goods	**2.23**	2.24

36. Expenditure in Foreign Currency

(Rs. in Crore)

	2008-09	2007-08
(a) Interest	**36.26**	44.63
(b) Commission	**8.12**	10.98
(c) Professional Consultation Fees	**1.55**	2.81
(d) Other Matters	**23.72**	23.03
Total	**69.65**	81.45

37. Consumption of Imported Raw Materials and Spares

(Rs. in Crore)

	2008-09		2007-08	
	Raw materials	**Spares**	Raw materials	Spares
Imported	**79.19**	**9.61**	53.60	9.54
	11.38%	**27.42%**	8.77%	25.46%
Indigenous	**616.64**	**25.43**	557.66	27.91
	88.62%	**72.58%**	91.23%	74.54%
Total	**695.83**	**35.04**	611.26	37.45
	100%	**100%**	100%	100%

38. Remittances in Foreign Currency on account of dividends

	2008-09	2007-08
(a) Year to which the dividend relates	N.A.	N.A
(b) Number of non-resident shareholders to whom remittances were made	Nil	Nil
(c) Numbers of shares on which remittances were made	Nil	Nil
(d) Amounts remitted Rs.	Nil	Nil

39. Earning in foreign exchange

(Rs. in Crore)

	2008-09	2007-08
(a) Export of goods on FOB basis	**921.18**	963.72
(b) Consultancy Income	**Nil**	0.16

40. Figures less than 50,000, which are required to be shown separately, have been shown as actual in brackets.

41. Previous year's figures are shown in brackets and are regrouped or recast wherever necessary. As the Company has implemented Accounting Standard (AS)–30 'Financial Instruments:Recognition and Measurement' during the year, previous year's figures are not strictly comparable.

Signatures to Schedules 1 to 18

As per our report attached

For **SORAB S. ENGINEER & CO.**
Chartered Accountants

CA. N. D. ANKLESARIA
Partner
Ahmedabad, May 29, 2009

SANJAY S. LALBHAI
Chairman & Managing Director

JAYESH K. SHAH
Director & Chief Financial Officer

R. V. BHIMANI
Company Secretary

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile :

1. Registration Details :

Registration No.	L17119GJ1931PLC000093	State Code	04
Balance Sheet Date	31.03.09		

2. Capital Raised During the period : (Amount in Rs. Thousand)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

3. Position of Mobilisation and Deployment of Funds : (Amount in Rs.Thousand)

Total Liabilities	32373415	Total Assets	32373415
Sources of Funds :		**Application of Funds :**	
Paid up Capital	2600980	Net Fixed Assets	21238676
Reserves & Surplus	9404794	Investments	1000567
Secured Loans	19208968	Foreign Currency Monetary Item Translation Difference Account	67759
Unsecured Loans	1030436	Net Current Assets	9965732
Deferred Tax Liability	128237	Miscellaneous Expenditure	100681

4. Performance of Company : (Amount in Rs. Thousand)

Turnover	22449941	Total Expenditure	24438533
Profit before tax	460088	Profit after tax	478674
Earning per Share - Basic (Rs.)	(2.28)		
Earning per Share -Diluted (Rs.)	(1.91)		
Dividend Rate	Nil		

5. Generic Names of Principal Products, Services of the Company :

Item Code No. (ITC Code)	52094200	Product Description	Denim
Item Code No. (ITC Code)	52080000	Product Description	Woven Fabrics of Cotton weighing not more than 200 g/m^2
Item Code No. (ITC Code)	62034200	Product Description	Mens/Boys Trousers/ Pants & Shorts
Item Code No. (ITC Code)	62052000	Product Description	Mens/Boys Shirts

SANJAY S. LALBHAI Chairman & Managing Director

JAYESH K. SHAH Director & Chief Financial Officer

R. V. BHIMANI Company Secretary

Ahmedabad, 29th May, 2009

CONSOLIDATED FINANCIAL ACCOUNTS

Consolidated Auditors' Report

TO THE BOARD OF DIRECTORS OF ARVIND LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ARVIND LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES.

1. We have examined the attached Consolidated Balance Sheet of Arvind Limited and its subsidiaries and Joint Ventures ("Arvind Group") (excluding 4 subsidiaries for the reasons stated in Note No. 3 of Schedule 18 respectively) as at 31st March, 2009, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.
2. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of eight Subsidiaries whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of Rs. 223.48 Crore as at 31st March 2009 and total Revenue of Rs. 109.91 Crore for the year then ended. These Financial Statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. We did not audit the financial statements of three Joint Venture Entities whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of Rs. 116.94 Crore as at 31st March, 2009 and total Revenue of Rs. 118.78 Crore for the year then ended which were prepared by the management. The same has been considered for the purpose of consolidation and accepted as correct by us. Any adjustment to their balances on completion of audit could have consequential effect on the attached Consolidated Financial Statements.
5. As mentioned in Note No. 14 of schedule 18 in respect of early adoption by Arvind Limited (Holding Company) of Accounting Standard (AS) – 30 on 'Financial Instruments: Recognition and Measurement' and Limited revision arising out of it in other Accounting Standards, issued by the Institute of Chartered Accountants of India, the holding company has measured all its Financial Assets and Liabilities at their respective Fair Values or at Amortized Cost. Accordingly, Accounting Standard (AS)–13 on 'Accounting for Investments' and Accounting Standard (AS) – 11 on 'The Effects of Changes in Foreign Exchange Rates' have been followed only for those transactions which are not within the scope of Accounting Standard (AS) -30. Had the Company followed (AS) – 11 and (AS) – 13 in their entirety, the carrying amount of Investments, Secured Loans and Loss for the year would have been higher by Rs. 4.11 Crore, Rs. 3.85 Crore and Rs. 105.74 Crore respectively and carrying value of Unsecured Loans and Reserves and Surplus would have been lower by Rs. 3.18 Crore and Rs. 5.68 Crore respectively.
6. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements and Accounting for Investments in Subsidiaries in Separate Financial Statements' with reference to note mentioned in para 5 above and Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures', issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Arvind Group included in the consolidated financial statements.
7. On the basis of the information and explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of the Arvind Group, we are of the opinion that:
   (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Arvind Group as at 31st March, 2009;
   (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the Arvind Group for the year then ended and
   (c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Arvind Group for the year then ended.

For **Sorab S. Engineer & Co.**
Chartered Accountants

CA. N. D. ANKLESARIA
Partner
Membership No. 10250

Ahmedabad
May 29, 2009

Consolidated Balance Sheet as at 31st March, 2009

(Rs. in crores)

	Schedule	As at 31.03.2009	As at 31.03.2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	**260.10**	273.30
Reserves and Surplus	2	**806.44**	1113.01
		1066.54	1386.31
Minority Interest		**10.96**	21.97
Loan Funds			
Secured Loans	3	**2157.81**	2035.46
Unsecured Loans	4	**151.83**	179.28
		2309.64	2214.74
Deferred Tax Liabilities (Net)		**25.63**	25.52
Total		**3412.77**	3648.54
APPLICATION OF FUNDS			
Fixed Assets	5		
Gross Block		**3667.43**	3509.47
Less: Depreciation / Impairment		**1279.33**	1136.32
Net Block		**2388.10**	2373.15
Capital work in progress		**85.51**	132.50
		2473.61	2505.65
Investments	6	**8.25**	16.88
Foreign Currency Monetary Item Translation Difference Account (Note No. 15)		**6.77**	0.00
Current Assets, Loans & Advances	7		
Inventories		**733.74**	728.11
Sundry Debtors		**281.65**	283.89
Cash and Bank Balances		**39.66**	23.41
Other Current Assets		**53.63**	83.06
Loans and Advances		**378.57**	420.26
		1487.25	1538.73
Less:Current Liabilities and Provisions	8		
Liabilities		**436.47**	397.17
Provisions		**136.82**	25.05
		573.29	422.22
Net Current Assets		**913.96**	1116.51
Miscellaneous Expenditure (To the extent not written off)	9	**10.18**	9.50
Total		**3412.77**	3648.54
Notes Forming Part of Accounts	18		

As per our report attached
For **Sorab S.Engineer & Co.**
Chartered Accountants

CA. N. D. ANKLESARIA
Partner

Ahmedabad. May 29, 2009

SANJAY S. LALBHAI Chairman & Managing Director

JAYESH K. SHAH Director & Chief Financial Officer

R. V. BHIMANI Company Secretary

Consolidated Profit & Loss Account for the year ended 31st March, 2009

(Rs. in crores)

	Schedule	2008-09	2007-08
INCOME :			
Sales and Operating Income	10	**2736.66**	2674.02
Other Income	11	**49.07**	20.01
		2785.73	2694.03
EXPENSES :			
Raw Materials Consumed		**846.21**	752.42
Purchase of Finished goods		**258.71**	301.41
Employees' Emoluments	12	**306.42**	287.42
Others	13	**1071.74**	1004.97
Interest & Finance Costs (Net)	14	**282.34**	156.60
Depreciation		**160.55**	175.40
Exceptional Items (Net)	15	**11.53**	9.51
(Increase) in Stocks	16	**(47.87)**	(20.30)
		2889.63	2667.43
(Loss)/Profit before Taxes for the year		**(103.90)**	26.60
Less : Current Tax		**4.12**	7.73
Less : Deferred Tax		**0.68**	0.03
Less : Fringe Benefit Tax		**2.45**	2.76
Add : MAT Credit Entitlement		**0.00**	(3.10)
(Loss)/Profit for the Year		**(111.15)**	19.18
Add : Excess Provision for Taxation written back		**0.79**	0.00
Add : Prior Period Income / (Expense)	17	**0.95**	(0.54)
(Loss)/Profit before Minority Interest		**(109.41)**	18.64
Less : Share of Minority Interest		**(9.99)**	3.10
		(99.42)	15.54
Balance as per last year's Balance Sheet		**265.31**	328.19
Less : Adjustment on account of Consolidation		**(4.94)**	(59.44)
Net Balance		**260.37**	268.75
Provision for Leave Encashment		**0.00**	(1.34)
Interim Dividend on Preference Shares Paid		**(1.68)**	(2.48)
Tax on Interim Dividend		**(0.29)**	(0.42)
Transitional Provision on adoption of AS-30 (Note No. 14)		**(80.10)**	0.00
Transitional Provision on exercise of option of AS-11 (Note No. 15)		**(11.40)**	0.00
Transferred to Capital Reserve - Pre-acquisition Profit		**(0.03)**	(1.54)
Transferred to Capital Redemption Reserve		**(13.20)**	(13.20)
Transferred from Debenture Redemption Reserve		**0.15**	0.00
		54.40	265.31
Balance carried to Balance Sheet		**54.40**	265.31
		54.40	265.31
Earning Per Share Rs. (Face Value of Rs. 10/-) (Note No. 24)			
- Basic		**(4.63)**	0.60
- Diluted		**(3.89)**	0.50
Notes Forming Part of Accounts	18		

As per our report attached
For **Sorab S. Engineer & Co.**
Chartered Accountants

CA. N. D. ANKLESARIA
Partner

Ahmedabad. May 29, 2009

SANJAY S. LALBHAI Chairman & Managing Director

JAYESH K. SHAH Director & Chief Financial Officer

R. V. BHIMANI Company Secretary

Consolidated Cash Flow Statement for the year ended on 31st March, 2009

(Rs. in crores)

		2008-2009		2007-2008	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net (Loss)/Profit before extraordinary items		**(103.90)**		26.60
	Adjustments for:				
	Depreciation/Impairment	**160.55**		175.40	
	Retrenchment Compensation under VRS	**(12.10)**		(11.33)	
	Preliminary Expenses	**(0.11)**		0.00	
	Exceptional Items	**11.53**		6.50	
	Interest Income	**(30.47)**		(15.44)	
	Interest & Lease Rent Expenses	**235.45**		204.87	
	Income from Investment	**(0.19)**		(0.36)	
	Exchange Rate Difference on Loans	**70.23**		(33.45)	
	Loss on Derivatives - Transitional Provision of AS 30	**(89.22)**		0.00	
	Loss / (Profit) on Sale of Investments	**(19.85)**		0.27	
	Bad Debts / Advances Written Off	**1.66**		2.36	
	Sundry Debit/(Credit) Written Off	**1.22**		0.06	
	Fixed Assets Written Off	**0.22**		0.00	
	Provision for Doubtful debts	**1.49**		2.61	
	Prior Period Income / (Expense)	**0.95**		(0.54)	
	Profit on Sale of Fixed Assets	**(20.50)**		(0.50)	
			310.86		330.45
	Operating Profit before Working Capital Changes		**206.96**		357.05
	Working Capital Changes:				
	Changes in Inventories	**(5.63)**		56.23	
	Changes in Trade and Other Receivables	**92.77**		(134.44)	
	Changes in Current Liabilities	**44.57**		25.81	
	Net Changes in Working Capital		**131.71**		(52.40)
	Cash Generated From Operations		**338.67**		304.65
	Advance Tax and Fringe Benefit Tax Paid (Net of Income Tax Refund)		**(9.88)**		(8.28)
	Net Cash from Operating Activities		**328.79**		296.37
B.	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets	**(134.25)**		(209.83)	
	Sale Proceeds from Fixed Assets	**36.67**		8.89	
	Changes in Investments	**24.37**		(4.24)	
	Changes in Loans & Advances	**(21.62)**		(1.11)	
	Income from Investment	**0.19**		0.36	
	Interest Income	**30.21**		15.88	
	Net Cash Flow from Investing Activities		**(64.43)**		(190.05)
C.	**Cash Flow from Financing Activities**				
	Issue of Equity Shares	**0.00**		9.60	
	Redemption of Preference Share Capital	**(13.20)**		(13.20)	
	Share Premium Received	**0.00**		40.32	
	Issue of Warrants	**0.00**		21.32	
	Unclaimed Dividend	**(0.01)**		(0.01)	
	Interim Dividend on Preference Shares	**(1.68)**		(2.48)	
	Tax on Interim Dividend	**(0.29)**		(0.42)	
	Change in Borrowings	**2.14**		37.35	
	Interest & Lease Rent Paid	**(235.58)**		(204.87)	
	Net Cash Flow from Financing Activities		**(248.62)**		(112.39)
	Net Increase/(Decrease) in Cash & Cash Equivalents		**15.74**		(6.07)
	Cash & Cash Equivalent at the beginning of the Period		**23.41**		28.20
	Adjustment due to Consolidation		**0.51**		1.28
			23.92		29.48
	Cash and Cash Equivalent at the end of the Period		**39.66**		23.41

Notes to Cash Flow Statement (Refer Schedule 18, Note 20)

As per our report attached
For **Sorab S. Engineer & Co.**
Chartered Accountants

CA. N. D. ANKLESARIA
Partner
Ahmedabad. May 29, 2009

SANJAY S. LALBHAI Chairman & Managing Director

JAYESH K. SHAH Director & Chief Financial Officer

R. V. BHIMANI Company Secretary

SCHEDULES forming part of Consolidated Accounts

	Rs. in crores As at 31.03.2009	Rs. in crores As at 31.03.2008
SCHEDULE '1': SHARE CAPITAL		
AUTHORISED		
36,00,00,000 Equity Shares (Previous Year 36,00,00,000) of Rs.10/-each	**360.00**	360.00
90,00,000 Preference Shares (Previous Year 90,00,000) of Rs.100/- each	**90.00**	90.00
	450.00	450.00
ISSUED & SUBSCRIBED		
EQUITY SHARES		
21,89,78,441 Equity Shares (Previous Year 21,89,78,441) of Rs.10/- each	**218.98**	218.98
PREFERENCE SHARES	**69.50**	69.50
69,50,000 6% Redeemable Cumulative Non Convertible Preference Shares (Previous Year 69,50,000) of Rs. 100/- each		
	288.48	288.48
PAID UP (Note No. 8)		
EQUITY SHARES	**218.98**	218.98
21,89,77,541 Equity Shares (Previous Year 21,89,77,541) of Rs.10/- each fully paid up. Add : 900 Shares Forfeited (Paid-up amount of Rs. 4,500/- (Previous Year Rs. 4,500/-) on forfeited shares) (of the above shares 39,44,950 Equity shares have been allotted as fully paid Bonus Shares (Previous Year 39,44,950 Equity Shares) by way of capitalisation of Reserves and 16,12,268 Equity shares (Previous Year 16,12,268 Equity shares) allotted as fully paid in terms of scheme of Amalgamation without payment being received in cash.)		
WARRANTS	**21.32**	21.32
4,10,00,000 Warrants (Previous Year 4,10,00,000) of Rs. 52/- each, Paid up Rs.5.20 each		
PREFERENCE SHARES		
66,00,000 6% Redeemable Cumulative Non Convertible Preference Shares (Previous Year 66,00,000) of Rs. 100/- each	**19.80**	33.00
	260.10	273.30
SCHEDULE '2' : RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	**6.77**	4.61
Add : Adjustment on account of consolidation	**1.31**	2.16
	8.08	6.77
CAPITAL RESERVE ON CONSOLIDATION		
As per Last Balance Sheet	**26.62**	26.62
Add : Adjustment on account of consolidation	**0.88**	0.00
	27.50	26.62
FOREIGN CURRENCY TRANSLATION RESERVE		
As per Last Balance Sheet	**(0.48)**	(0.39)
Add : Adjustment on account of consolidation	**(0.38)**	(0.09)
	(0.86)	(0.48)

SCHEDULES forming part of Consolidated Accounts

	Rs. in crores As at 31.03.2009	Rs. in crores As at 31.03.2008
SCHEDULE '2' : RESERVES AND SURPLUS (Contd.)		
CAPITAL REDEMPTION RESERVE		
As per Last Balance Sheet	36.50	23.30
Add : Transferred from Profit & Loss Account	13.20	13.20
	49.70	36.50
SECURITIES PREMIUM		
As per last Balance Sheet	751.52	653.21
Add : Received during the year	0.00	40.32
Add : Adjustment on account of consolidation	0.00	57.99
	751.52	751.52
DEBENTURE REDEMPTION RESERVE		
As per last Balance Sheet	2.25	2.25
Less : Transferred to Profit & Loss Account	0.15	0.00
	2.10	2.25
REVALUATION RESERVE		
As per last Balance Sheet	24.52	24.52
	24.52	24.52
HEDGE RESERVE		
Add : Created during the year (Note No. 14)	(106.41)	0.00
	(106.41)	0.00
INVESTMENT REVALUATION RESERVE		
Add : Created during the year (Note No. 14)	(4.11)	0.00
	(4.11)	0.00
BALANCE IN PROFIT AND LOSS ACCOUNT	54.40	265.31
	806.44	1113.01
SCHEDULE '3' : SECURED LOANS		
DEBENTURES	2.10	3.30
Add : Funded Interest	1.03	1.17
	3.13	4.47
FROM BANKS		
Cash Credit and other facilities	854.79	729.93
Term Loans	1038.37	1041.40
	1893.16	1771.33
FROM FINANCIAL INSTITUTIONS AND OTHERS	261.52	259.66
	261.52	259.66
	2157.81	2035.46
SCHEDULE '4' : UNSECURED LOANS		
FROM BANKS		
Term Loan	77.74	80.41
Other Facilities	37.21	49.24
FROM FINANCIAL INSTITUTIONS & OTHERS	8.98	16.18
DEFERRED ELECTRICITY DUTY	27.80	33.45
INTER CORPORATE DEPOSIT	0.10	0.00
(Out of above Rs. 76.85 crores (Previous Year Rs. 54.60 crores) is payable within one Year)		
	151.83	179.28

SCHEDULES Forming Part of Consolidated Accounts

SCHEDULE'5' : FIXED ASSETS

(Rs. in crores)

Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As on 31.03.2008	Adjustment on Consolidation	Additions	Deductions/ Adjustments	As on 31.03.2009	As on 31.03.2008	Adjustment on Consolidation	Depreciation/ Impairment	Deductions/ Adjustments	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
Goodwill on Consolidation	50.65	0.00	0.00	0.00	50.65	0.00	0.00	0.00	0.00	0.00	50.65	50.65
Owned Assets												
Goodwill	326.80	0.00	0.00	0.00	326.80	0.00	0.00	0.00	0.00	0.00	326.80	326.80
Freehold Land	364.77	(1.16)	0.31	6.13	357.79	0.00	0.00	0.00	0.00	0.00	357.79	364.77
Leasehold Land	197.44	0.00	0.00	0.00	197.44	0.00	0.00	0.00	0.00	0.00	197.44	197.44
Buildings	576.55	(2.49)	20.62	0.03	594.65	110.91	(0.66)	17.98	0.00	128.23	466.42	465.64
Machineries	1873.82	(2.04)	114.78	22.94	1963.62	988.53	(0.91)	127.64	11.82	1103.44	860.18	885.29
Machineries acquired on Finance Lease	0.00	0.00	1.66	0.00	1.66	0.00	0.00	(Rs. 44,675/-)	0.00	(Rs. 44,675/-)	1.66	0.00
Motor Vehicles	14.07	0.00	1.78	3.41	12.44	6.25	0.00	2.25	2.27	6.23	6.21	7.82
Intangibles	2.45	0.00	0.00	0.00	2.45	2.45	0.00	0.00	0.00	2.45	0.00	0.00
Office Machinery & Dead Stocks	102.92	1.84	62.41	7.24	159.93	28.18	(0.27)	12.73	1.66	38.98	120.95	74.74
Total	**3509.47**	**(3.85)**	**201.56**	**39.75**	**3667.43**	**1136.32**	**(1.84)**	**160.60**	**15.75**	**1279.33**	**2388.10**	**2373.15**
Previous Year	3348.29	9.75	162.64	11.21	3509.47	957.99	5.15	176.00	2.82	1136.32		
Capital Work-in-Progress including advance for capital expenditure											85.51	132.50
											2473.61	2505.65

Notes :

1. Buildings includes Rs. 1.18 Crores (Rs. 1.18 Crores) in respect of ownership flats in Co-Operative housing Society and Rs. 2,500/- (Rs. 2,500/-) in respect of shares held in Co-Operative Housing Society.
2. Gross block includes Rs. 24.52 crore (Rs. 24.52 crore) being the amount added on revaluation as at 1st October, 2006 and credited to Revaluation Reserve.
3. Out of current year depreciation, an amount of Rs. 0.05 crore (Previous year Rs. 0.60 crore) has been capitalised during the year.
4. Also refer Note No. 15

SCHEDULES forming part of Consolidated Accounts

	Rs. in crores As at 31.03.2009	Rs. in crores As at 31.03.2008
SCHEDULE '6' : INVESTMENTS*		
A. NON TRADE INVESTMENTS - (UNQUOTED) (HELD-TO-MATURITY)		
GOVERNMENT SECURITIES (UNQUOTED)	**0.01**	0.01
B. TRADE INVESTMENTS (AVAILABLE FOR SALE)		
i. Fully Paid Equity Shares (Quoted)	**2.83**	11.97
ii. Fully Paid Equity Shares (Unquoted)	**3.89**	0.00
iii. **INVESTMENT IN JOINT VENTURES (UNQUOTED)**		
Fully Paid Equity Shares	**0.00**	0.05
iv. **OTHER INVESTMENTS**		
Fully Paid Equity Shares (Quoted)	**0.00**	0.01
Fully Paid Equity Shares (Unquoted)	**0.00**	3.89
C. INVESTMENTS IN SUBSIDIARY COMPANIES (Note No. 3)		
Fully Paid Equity Shares (Unquoted)	**34.05**	34.10
D. OTHER INVESTMENTS (QUOTED) **	**0.00**	0.01
(HELD FOR TRADING) (PREVIOUSLY CLASSIFIED AS CURRENT INVESTMENTS)		
E. SHARE APPLICATION MONEY	**1.18**	0.55
	41.96	50.59
Less : Provision for diminution in value of Investment	**(33.71)**	(33.71)
	8.25	16.88

Notes :

* Previously classified as Long Term Investments and valued at Cost unless otherwise stated.
** Valued at lower of cost or market value

	Rs. in crores As at 31.03.2009	Rs. in crores As at 31.03.2008
SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Inventories		
Stores and Spares	**36.99**	53.24
Fuel	**2.00**	5.17
Stock in trade		
Raw materials	**115.39**	177.23
Finished Goods	**169.82**	189.37
Finished Goods (Traded)	**121.99**	96.56
Goods in Transit	**3.35**	1.04
Work-in-Progress	**283.15**	204.40
Waste	**1.05**	1.10
	694.75	669.70
	733.74	728.11
Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered good	**34.16**	26.26
Considered doubtful	**4.40**	13.49
Less: Provision	**4.40**	13.49
	0.00	0.00
	34.16	26.26
Others (Considered good)	**247.49**	257.63
	281.65	283.89

SCHEDULES forming part of Consolidated Accounts

	Rs. in crores As at 31.03.2009	Rs. in crores As at 31.03.2008
SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES (Contd.)		
Cash & Bank Balances		
Cash on hand	**0.67**	0.70
Cheques on hand	**0.10**	0.05
Bank Balances		
With Scheduled Banks in India		
In Current Accounts (including Rs. 0.33 Crore in unpaid dividend accounts) (Previous Year Rs. 0.34 Crore)	**15.05**	18.35
In Exchange Earners Foreign Currency A/c	**0.65**	0.39
In Cash Credit Account	**10.13**	0.50
In Savings Account (Rs. 42,732/-) (Previous Year Rs. 41,275/-)		
In Fixed Deposit Accounts (Rs. 1.48 Crores lodged with Bank as Security for Guarantee Facility and Rs. 0.07 Crores lodged with Court for ESI case (Previous year Rs. Nil and Rs. 0.07 Crores resepectively))	**8.71**	2.38
With Banks outside India (In books of foreign subsidiaries)	**4.35**	1.04
	38.89	22.66
	39.66	23.41
Other Current Assets		
Interest accrued	**0.33**	0.07
Other receivables	**53.30**	82.99
	53.63	83.06
LOANS & ADVANCES (Unsecured,considered good unless stated Otherwise)		
Loans & Advances		
Advances Receivable in Cash or kind	**298.72**	364.71
MAT Credit Entitlement Receivable	**26.27**	26.33
Other Loans	**50.61**	29.22
	375.60	420.26
Considered Doubtful	**1.36**	2.15
Less : Provision	**1.36**	2.15
	0.00	0.00
Loans and advances to Subsidiary Companies		
Considered Doubtful	**7.91**	7.91
Less : Provision	**7.91**	7.91
	0.00	0.00
Advance Tax paid (Net of Tax Provision)	**2.97**	0.00
	378.57	420.26
	1487.25	1538.73

SCHEDULES forming part of Consolidated Accounts

	Rs. in crores As at 31.03.2009	Rs. in crores As at 31.03.2008
SCHEDULE '8': CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Acceptances	**32.94**	30.07
Sundry Creditors		
-Due to Micro and Small Enterprises (Note No. 18)	**0.00**	0.00
-Others	**314.45**	262.00
Other Liabilities	**86.55**	102.40
Interest accrued but not due on loans	**1.69**	1.76
Investor Education & Protection Fund shall be credited by the following amounts namely : @		
- Unpaid Dividend	**0.33**	0.34
- Unpaid Matured Deposits	**0.00**	0.02
- Unpaid Matured Debentures	**0.24**	0.25
- Interest on Deposits	**0.06**	0.06
- Interest on Debentures	**0.21**	0.27
	0.84	0.94
	436.47	397.17
Provisions		
Fair Valuation Loss on Derivative Contracts	**122.49**	12.56
Pension	**0.52**	0.58
Taxation (Net of Advance Tax Paid)	**0.00**	0.62
Gratuity	**2.55**	0.24
Superannuation	**1.50**	2.11
Leave Encashment	**6.72**	7.00
Others	**3.04**	1.94
	136.82	25.05
	573.29	422.22

@ No amount is due as on 31st March, 2009 for credit to Investor Education and Protection Fund (Fund). The actual amount to be transferred to the fund in this respect will be determined on the respective due dates.

SCHEDULE '9': MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Preliminary Expenses	**0.11**	0.00
Retrenchment Compensation under VRS	**9.50**	0.00
Add : Adjustment on Consolidation	**0.00**	0.20
Add : Addition during the year	**9.06**	11.33
Less : Written off during the year	**8.49**	2.03
	10.18	9.50

SCHEDULES forming part of Consolidated Accounts

	Rs. in crores 2008-09	Rs. in crores 2007-08
SCHEDULE '10': SALES AND OPERATING INCOME		
Sales	**2712.15**	2572.48
Less : Excise Duty	**10.63**	8.04
	2701.52	2564.44
Processing Income	**15.44**	14.27
(Income Tax deducted Rs. 0.64 Crore Previous Year Rs. 0.72 Crore)		
Other operating Income	**42.68**	37.96
(Income Tax deducted Rs. 0.75 Crore Previous Year Rs. Nil)		
(Loss)/Gain on Forward Contracts	**(22.98)**	57.35
	2736.66	2674.02
SCHEDULE '11': OTHER INCOME		
Income from investments		
From Trade Investments	**0.19**	0.36
Other Income	**1.71**	10.74
(Income Tax deducted Rs. 0.10 Crore Previous Year Rs. 0.09 Crore)		
Rent	**0.61**	0.18
(Income Tax deducted Rs. 0.20 Crore Previous Year Rs. 0.03 Crore)		
Profit on Sale of Investments	**19.85**	(0.27)
Profit on Sale of Fixed Assets	**20.50**	0.50
Excess Provision No Longer required (Net)	**6.21**	8.50
	49.07	20.01
SCHEDULE '12': EMPLOYEES' EMOLUMENTS		
Salaries, Wages, Bonus and Gratuity	**266.81**	255.65
Contribution to Provident Fund and Other Funds	**33.24**	24.07
Welfare expenses	**5.25**	5.12
	305.30	284.84
Directors' Remuneration	**1.12**	2.49
Directors' Commission	**0.00**	0.09
	1.12	2.58
	306.42	287.42
SCHEDULE '13': OTHERS		
Power & Fuel	**315.57**	254.56
Stores consumed	**244.00**	261.36
Processing charges	**65.84**	66.35
Repairs		
Building repairs	**2.25**	3.24
Machinery repairs	**45.02**	47.58
Other repairs	**12.42**	10.72
	59.69	61.54
Printing, Stationery and Communication	**9.75**	10.28
Insurance premium	**4.71**	7.20
Rates & Taxes	**11.12**	12.14
Excise duty	**0.18**	0.61
Rent	**67.08**	54.33
Commission, Brokerage and Discount	**82.71**	73.70
Royalty on Sales	**8.46**	6.97
Advertisement expenses	**29.82**	45.48
Freight,Insurance and Clearing Charges	**34.70**	35.97
Miscellanous Labour Charges	**40.27**	30.29
Provision for doubtful debt/Advances	**1.49**	2.61
Bad Debts/Advances Written Off	**1.66**	2.36
Fixed Assets Written Off	**0.22**	0.00
Directors fees	**0.06**	0.05
Other expenses	**94.41**	79.17
	1071.74	1004.97

SCHEDULES forming part of Consolidated Accounts

	Rs. in crores 2008-09	Rs. in crores 2007-08
SCHEDULE '14': INTEREST AND FINANCE COSTS (NET)		
Interest		
On loans for a fixed period	**150.82**	131.40
Others	**76.68**	50.78
	227.50	182.18
Less : Interest Income		
Interest from others	**30.47**	15.44
(Income Tax deducted Rs. 0.76 Crore Previous Year Rs. 0.40 Crore)		
Net Interest Expenses	**197.03**	166.74
Other Finance Cost	**29.81**	23.31
Exchange Rate Difference	**55.50**	(33.45)
	282.34	156.60
SCHEDULE '15': EXCEPTIONAL ITEMS		
Provision for Loss on Derivative Contracts	**0.00**	12.56
Expenditure incurred under VRS		
- Retrenchment Compensation written off	**8.49**	2.03
- Gratuity and Leave Encashment Paid	**3.04**	3.01
Liability No Longer Required	**0.00**	(8.09)
	11.53	9.51
SCHEDULE '16': (INCREASE) IN STOCKS		
Finished goods, Work-in-progress and Waste		
Closing Stocks	**454.02**	394.87
Opening Stocks	**394.87**	359.66
Add/(Less) : Adjustment on account of consolidation	**11.32**	15.59
	406.19	375.25
	(47.83)	(19.62)
Excise Duty in Value of Stocks - Increase / (Decrease)	**(0.04)**	(0.68)
(Increase)/Decrease in Stock	**(47.87)**	(20.30)
SCHEDULE '17': PRIOR PERIOD INCOME / (EXPENSE)		
Interest Expense Adjustments	**0.95**	0.00
Other Expense relating to earlier year	**0.00**	(0.10)
Electricity Duty relating to earlier year	**0.00**	(0.44)
	0.95	(0.54)

SCHEDULES forming part of Consolidated Accounts

SCHEDULE 18 : NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

1. BASIS OF CONSOLIDATION

Basis

(i) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard - 21 on "Consolidated Financial Statements" and relevant clarifications issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements comprise the financial statements of **Arvind Limited** and its subsidiaries and its Joint Venture entity. Reference in these notes to Arvind Limited, AL, Company, Parent Company, Companies or Group shall mean to include Arvind Limited or any of its subsidiaries and its Joint Venture entity consolidated in the financial statements, unless otherwise stated.

(ii) The Notes and Significant Policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies, which represent the needed disclosure.

Principles

(i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated.

(ii) The difference between cost to the Company of its investments in the subsidiary companies and its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as Goodwill or Capital Reserve as the case may be.

(iii) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments.

(iv) In case of Foreign Subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and Liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on translation is accumulated in a Foreign Currency Translation Reserve in the Balance Sheet.

(v) The subsidiary companies which have closed their business and disposed off entire undertaking, and ceased to operate as going-on concern basis have been excluded from consolidation as there are no material economic resources or obligations to be disclosed in case of such companies.

(vi) The company's interest in the Joint Venture has been consolidated on line to line basis by adding together the value of assets, liabilities, income and expenses, after eliminating the unrealised profits/losses of intra group transactions. Joint Venture accounts have been included in segment to which they are related.

2. The List of Subsidiaries included in the Consolidated Financial Statements are as under :

Sr. No.	Name of subsidiary	Country of incorporation	Proportion of ownership as on 31st March, 2009
1	Asman Investments Limited	India	95.63%
2	Arvind Products Limited	India	53.66%
3	Anup Engineering Limited	India	88.24%
4	Arvind Worldwide Inc	USA	100%
5	Arvind Worldwide (M) Inc	Mauritius	100%
6	Arvind Retail Limited (Formerly known as Aakar Foundationwear Limited)	India	100%
7	Arvind Lifestyle Brand Limited (Formerly known as Pinnacle Risk Advisory Services Limited) (Became subsidiary w.e.f. 30th September 2008)	India	100%
8	Arvind Accel Limited (Became subsidiary w.e.f. 30th September, 2008)	India	100%
9	Syntel Telecom Limited (Became subsidiary w.e.f. 28th January, 2009)	India	100%

3. The List of Subsidiaries not included in the Consolidated Financial Statements are as under :

Sr. No.	Name of subsidiary	Country of incorporation	Proportion of ownership as on 31st March, 2009
1	Lifestyle Fabrics Limited	India	71.80%
2	Arvind Overseas (Mauritius) Limited	Mauritius	100%
3	Arvind Spinning Limited	Mauritius	100%
4	Arvind Textile Mills Limited	Bangladesh	100%

Note:

1. During the year, Arvind Brands Limited has ceased to be a Subsidiary of the Company.

2. In view of the sale of all the fixed assets and in the absence of any business activity, the accounts of Lifestyle Fabrics Limited could not be termed as prepared on a going concern basis. Subsequent to balance sheet date, Lifestyle Fabrics Limited has ceased to be a subsidiary of the Company.

3. Arvind Overseas (Mauritius) Limited and Arvind Spinning Limited have closed their business and disposed off entire undertaking, and ceased to operate as going-on concern basis.

4. Arvind Textile Mills Limited has yet not commenced business operations.

   In view of above, such subsidiaries have been excluded from consolidation as there are no material economic resources or obligations to be disclosed in case of such companies. Investments in such subsidiaries are classified and valued as per Accounting Standard 30 – "Financial Instruments: Measurement and Recognition" issued by the Institute of Chartered Accountants of India.

4. **The following Joint Venture entities have been included in the Consolidated Financial Statements :**

Sr. No.	Name of Joint Venture	Country of incorporation	Proportion of ownership as on 31st March, 2009
1	Arya Omnitalk Wireless Solutions Limited.	India	50%
2	Arvind Murjani Brands Private Limited	India	50%
3	VF Arvind Brands Private Limited	India	40%

5. **During the year, the Joint Venture Agreement with Diesel Fashion India Arvind Private Limited has been called off with mutual consent.**

6. **SIGNIFICANT ACCOUNTING POLICIES**

The Company follows the accrual method of accounting. The financial statements have been prepared in accordance with the historical cost convention (except so far as they relate to (a) revaluation of certain fixed assets and providing for depreciation on revalued amounts and (b) items covered under 'Accounting Standard (AS) – 30' on 'Financial Instruments: Recognition and Measurement" which have been measured at their fair value) and accounting principles generally accepted in India.

The Accounts of the foreign subsidiaries have been prepared in accordance with local laws and applicable accounting standards / generally accepted accounting principles.

(A) REVENUE RECOGNITION

(A.1) Sales and operating income includes sale of products, by-products and waste, income from job work services and gain or loss on forward contracts. Sales are recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Sales are stated net of returns, excise duty & Sales Tax/VAT. Export incentives are accounted on accrual basis at the time of export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

(A.2) Revenue from job work services and Rental Income are recognized based on the services rendered in accordance with the terms of contracts.

(A.3) Revenue in respect of projects for Construction of Plants and Systems, execution of which is spread over different accounting periods, is recognised on the basis of percentage of completion method in accordance with Accounting Standard 7 – Accounting for Construction Contracts.

Percentage of completion is determined by the proportion that contract costs incurred for work done till date bears to the estimated total contract cost.

Difference between costs incurred plus recognised profit / less recognised losses and the amount invoiced is treated as contract in progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, relating to the percentage of completion, costs to completion, the expected revenue from the contract and the foreseeable losses to completion.

(A.4) Claims receivable on account of Insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

(A.5) Dividend is accounted for as and when it is received.

(B) VALUATION OF INVENTORY

(B.1) The stock of Work-in-progress and Finished goods has been valued at the lower of cost and net realisable value. The cost has been measured on the standard cost/ moving average/FIFO basis as applicable and includes cost of materials and cost of conversion.

(B.2) All other inventories of stores, consumables, raw materials (Electronics Division) are valued at cost. The stock of waste is valued at market price. The other raw materials, finished goods and stock at branches are valued at lower of cost and market value. Cost is measured on actual average for the whole year. Excise duty wherever applicable is provided on finished goods lying within the factory and bonded warehouse at the end of the year.

(C) FIXED ASSETS & DEPRECIATION

(C.1) Fixed assets are stated at their original cost of acquisition or construction / revalued cost wherever applicable less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of launching new stores to the extent they are attributable to the new store.

(C.2) Exchange rate gain or loss on foreign currency loans related to acquisition of depreciable assets are being capitalized as per the notification dated 31st March, 2009 issued by Ministry of Corporate Affairs, New Delhi.

(C.3) Depreciation on Revalued Fixed Assets is calculated on the residual life of the assets or as per rates specified in the Schedule XIV to the Companies Act , 1956 whichever is higher.

(C.4) Additions to fixed assets have been stated at cost net of CENVAT wherever applicable.

(C.5) Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under capital work-in-progress, pending capitalization.

(C.6) Depreciation on additions to Fixed Assets has been provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956, as existing at the time of capitalization except for motor vehicles where depreciation has been provided at 20/25%.

(C.7) Depreciation on lease hold improvements in case of Branded Garment divisions has been provided at 10% & in case of Furniture given to Employees it has been provided at 18%.

(C.8) Depreciation on impaired asset is provided on the asset's revised carrying amount, over its remaining useful life.

(C.9) Depreciation on exchange rate difference capitalized is provided over the balance life of the assets as per the notification dated 31st March, 2009 issued by the Ministry of Corporate Affairs.

(C.10) Individual assets costing less than Rs. 5,000/- have been fully depreciated in the year of purchase on prorata basis.

(C.11) In the case of foreign subsidiaries, depreciation has been provided as per the rates permitted under the local laws/at such rate so as to write off the assets over its useful life.

(C.12) Premium on Leasehold Land is amortized over the period of Lease.

(D) INVESTMENTS

(a) For Arvind Limited

(D.1) Investments are classified as investments in Subsidiaries, Available for Sale and Held-to-Maturity within the meaning of Accounting Standard 30 on 'Financial Instruments: Recognition and Measurement' read with the limited revision of Accounting Standard 21 on Consolidated Financial Statements.

(D.2) Investments in subsidiaries are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

(D.3) Investments classified as available for sale are remeasured at subsequent reporting dates to fair value. Unrealised gains/losses on such investments are recognised directly in Investment Revaluation Reserve Account. At the time of disposal, derecognition or impairment of the investments, cumulative gain or loss previously recognised in the investment revaluation reserve account is recognised in the profit and loss account.

(D.4) Investments classified as held for trading that have a market price are measured at fair value and gain/ loss arising on account of fair valuation is routed through profit and loss account.

(b) For Subsidiaries and Joint Ventures

(D.5) Investments are classified as Long Term Investments and Current Investments. Long term investments are stated at cost less permanent diminution in value, if any. Current Investments are stated at lower of cost and net realizable value.

(E) IMPAIRMENT OF ASSETS

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the profit and loss account.

(F) FOREIGN CURRENCY TRANSACTIONS

(F.1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(F.2) Monetary items denominated in foreign currencies at the year end are restated at year end rates.

(F.3) Non-monetary foreign currency items are carried at cost.

(F.4) All long term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the year have been restated at the rate prevailing at the balance sheet date. The difference arising as a result has been added to or deducted from the cost of the assets as per the notification issued by the Ministry of Corporate Affairs dated March 31, 2009. Exchange rate difference on other long term foreign currency loans is carried to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized up to the period of loan or up to March 31, 2011 whichever is earlier.

(F.5) Any income or expense on account of exchange difference either on settlement or on translation other than as mentioned in (F.4) above is recognised in the profit and loss account.

(F.6) Expenses of overseas offices are translated and accounted at the monthly average rate.

(G) DERIVATIVES & COMMODITY HEDGING TRANSACTIONS

(G.1) In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company neither holds nor issues any derivative financial instruments for speculative purposes.

(G.2) Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

(G.3) Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in hedging reserve account. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to hedged risk. Any cumulative gain or loss on the hedging instrument recognised in hedging reserve is kept in hedging reserve until the forecast transaction occurs or the hedged accounting is discontinued. Amounts deferred to hedging reserve are recycled in the profit and loss account in the periods when the hedged item is recognised in the profit and loss account or when the portion of the gain or loss is determined to be an ineffective hedge.

(G.4) Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss account immediately.

(G.5) Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to net profit or loss for the year.

(H) EMPLOYEE BENEFITS

(H.1) The Company has Defined Contribution Plans for post employment benefits namely Provident Fund and Superannuation Fund which are recognized by the Income Tax Authorities. These funds are administered through trustees and the Company's contributions thereto are charged to revenue every year. The Company also pays insurance premiums to fund a post-employment medical assistance scheme, a Defined Contribution Plan administered by ICICI Lombard General Insurance Company Limited which are charged to revenue every year. The Company's Contribution to State Plans namely Employee's State Insurance Fund and Employee's Pension Scheme are charged to revenue every year.

(H.2) The Company has Defined Benefit Plans namely leave encashment / compensated absences and Gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books. Gratuity scheme is administered through trust recognised by the Income Tax Authorities and / or by LIC.

(H.3) Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(H.4) Compensation under voluntary retirement scheme is amortized over a period from the introduction of Scheme up to 31st March, 2010.

(I) BORROWING COST

(a) For Arvind Limited

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds. It is calculated on the basis of effective interest rate in accordance with Accounting Standard (AS) -30 and considered as revenue expenditure and charged to profit and loss account for the year in which it is incurred except for borrowing costs attributed to the acquisition/improvement of qualifying assets up to the date when such assets are ready for intended use which are capitalised as a part of the cost of such asset.

(b) For Subsidiaries and Joint Ventures

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds and is considered as revenue expenditure for the year in which it is incurred except for borrowing costs attributed to the acquisitions/improvement of qualifying capital asset and incurred till the commencement of commercial use of the asset and which are capitalized as cost of that asset.

(J) LEASE ACCOUNTING

(J.1) Assets acquired under Finance Lease are segregated from the assets owned and recognized as asset at an amount equal to the fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments whichever is lower with corresponding outstanding liability.

(J.2) Lease rental payable on such finance lease has been apportioned between finance charge and the reduction in the outstanding liability. The finance charge has been allocated to periods during the lease term so as to produce constant periodic rate of interest on the remaining balance of liability for each period.

(J.3) Lease Rentals for assets acquired under operating lease are recognised as an expense in Profit & Loss Account on a straight line basis over the lease term.

(K) TAXES ON INCOME

(K.1) Tax expense consists of both current as well as deferred tax liability. Current tax represents amount of income tax payable including the tax payable u/s 115JB, if any, in respect of taxable income for the year.

(K.2) Minimum Alternate Tax Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax within the specified period.

(K.3) Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year that originates in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

(K.4) Deferred tax assets are recognised and carried forward to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(K.5) Fringe Benefits Tax (FBT) payable under the provisions of Section 115 WC of the Income Tax Act, 1961 is in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the ICAI and treated as an additional income tax and considered in determination of the profit/loss for the year.

(L) EARNING PER SHARE

The company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

(M) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the accounts by way of a note. Contingent assets are neither recognized nor disclosed in the financial statements.

(N) CAPITAL ISSUE EXPENSES

Expenses on issue of Shares, Debentures and GDRs are being adjusted against Securities Premium Account as permitted by Section 78 of the Companies Act.

(O) ACCOUNTING FOR JOINT VENTURE

Accounting for Joint Venture has been done as follows :

Type of Joint Venture	Accounting Treatment
Jointly Controlled Entity	Company's share of profit or loss accounted on determination of profits or loss by the Joint Venture and the net investment in the Joint Venture reflected as investment.

Joint Venture interests accounted as above have been included in segments to which it relates.

7. CONTINGENT LIABILITIES

(a) Bills discounted Rs. 74.58 crore (Rs. 87.65 Crore).

(b) Guarantees given by the Banks on behalf of the Company Rs. 25.17 crore (Rs. 15.79 Crore).

(c) Guarantees given by the Company on behalf of other Company Rs.93.30 crore (Rs.68.47 crore)

(d) Income Tax demands, Excise/ Custom Duty demands, Sales Tax demands and Service Tax Demands in dispute Rs. 6.34 Crore (Rs 0.41 Crore), Rs. 35.18 Crore (Rs. 30.24 Crore), Rs. 15.95 Crore (Rs.16.01 Crore) and Rs. 0.58 Crore (Rs. 0.53 Crore) respectively.

(e) Other demands in dispute Rs. 10.67 Crore (Rs. 11.34 Crore).

(f) Dividend on redeemable cumulative non convertible preference shares Rs. 0.74 Crore (Rs.0.74 Crore).

8. (a) Equity Shares and Warrants

Subsequent to the balance sheet date:

(1) In the Extra Ordinary General Meeting of the Company held on May 12, 2009, the shareholders have approved the preferential allotment of 3,32,00,000 warrants to Promoters /Promoter Group at an issue price of Rs. 15/- which are convertible into 3,32,00,000 equity shares of Rs. 10/- each at a premium of Rs. 5/- at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more branches and;

(2) The Promoters/Promoter Group have not exercised the right for conversion of 4,10,00,000 warrants into Equity Shares with in the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand forfeited.

(b) Preference Shares:

Preference Shares issued in accordance with the Restructuring Scheme of the Company:

Class of Preference Shares (redeemable cumulative non-convertible)	Redemption period	Quarterly Instalments (% of Principal)
66,00,000 – 6% Preference shares of Rs.100/- each. (Previous year 66,00,000 – 6% Preference shares of Rs.100/- each)	30.06.2004 to 31.03.2005	5%
	30.06.2005 to 31.03.2006	10%
	30.06.2006 to 31.03.2007	15%
	30.06.2007 to 31.03.2008	20%
	30.06.2008 to 31.03.2009	20%
	30.06.2009 to 31.03.2010	30%

Note : 20% of Principal amount was redeemed and paid during the year.

9. The estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 18.06 Crore (Rs. 37.12 Crore).

10. During the year, the Company has capitalised the borrowing cost of Rs. 0.74 Crore (Rs. Nil).

11. Other Liabilities include Rs. 3.22 Crore (Rs. 2.45 Crore) on account of book overdraft.

12. Current Assets includes Rs. 0.01 Crore (Previous Year Rs. 0.12) due from subsidiary companies.

13. Impairment of Fixed Assets

In accordance with the Accounting Standard (AS -28) on 'Impairment of Assets' issued by the Institute of Chartered Accountants of India, during the year the Company has reassessed its fixed assets and is of the view that no further impairment/reversal is considered to be necessary in view of its expected realisable value.

14. Early adoption of AS 30, Financial Instruments: Recognition and Measurement

Consequent to the Announcement of the Institute of Chartered Accountants of India (ICAI), the Company has chosen to early adopt 'Accounting Standard – 30, Financial Instruments: Recognition and Measurement' in its entirety, read with limited revisions in various other Accounting Standards, as published by ICAI. Accordingly all the financial assets and financial liabilities and derivatives have been remeasured at their respective fair values or at amortized cost as against cost or market value whichever is lower, as on 1 July 2008 i.e. the date of adoption of the standard as well as on 31 March 2009.

In the spirit of complete adoption of AS - 30, the Company has also implemented the consequential limited revisions to 'Accounting Standard – 11' on 'The Effects of Changes in Foreign Exchange Rates' and 'Accounting Standard – 13' on 'Accounting for Investments' as have been announced by the ICAI. As a result, during the year, the Company has changed the designation and measurement of all its significant financial assets and liabilities. The effect of above change in accounting policy has resulted as under:

- The resulting loss as at 1 July 2008 amounting to Rs. 80.10 Crore has been adjusted against opening balance of Profit and Loss Account in accordance with transitional provisions.
- The resulting loss as at 1 July 2008 on fair valuation of investment available for sale amounting to Rs. 3.56 Crore has been transferred to Investment Revaluation Reserve account.
- As on Balance Sheet date, Investments are lower by Rs. 4.11 Crore, Secured Loans are lower by Rs. 3.85 Crore, Unsecured Loans are higher by Rs. 3.18 Crore, Hedge Reserve account is debited by Rs.106.41 Crore on account of fair valuation of outstanding derivatives, Loss for the year is lower by Rs. 105.74 Crore and the aggregate Reserves are higher by Rs. 5.68 Crore.

15. Foreign Exchange Differences

Hither to the Company has recognized the exchange rate difference arising on restatement of long-term foreign currency loans which are related to acquisition of depreciable fixed assets in the profit and loss account. As per the notification issued by the Ministry of Corporate Affairs dated 31st March, 2009, the Company has exercised the option for accounting of exchange rate differences with effect from April 1, 2007. Consequent to the adoption of that option:

(a) Exchange rate differences of long-term foreign currency loans which are related to acquisition of depreciable fixed assets have been added to or deducted from the cost of the assets and depreciated over the balance life of the assets and;

(b) Exchange rate differences on other long-term foreign currency loans have been transferred to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized over the balance period of loans or up to 31st March, 2011 whichever is earlier.

Due to such change in the accounting policy:

(a) An amount of Rs. 7.83 Crore being the exchange rate difference (Net of depreciation effect of Rs. 2.33 Crore) pertaining to the year 2007-08 has been adjusted against the fixed assets and debited to the opening balance of profit and loss account.

(b) An amount of Rs. 3.57 Crore being the exchange rate difference (Net of amortization of Rs. 0.77 Crore) pertaining to the year 2007-08 has been adjusted against 'Foreign Currency Monetary Item Translation Difference Account' and debited to the opening balance of profit and loss account.

(c) An amount of Rs. 17.41 Crore being the exchange rate loss (Net of depreciation charge of Rs. 4.02 Crore) for the year has been adjusted against the fixed assets.

(d) An amount of Rs. 10.34 Crore being the exchange rate loss (Net of amortization of Rs. 1.35 Crore) for the year has been adjusted against 'Foreign Currency Monetary Item Translation Difference Account'.

(e) Due to such change in the policy, the loss for the year is lower by Rs. 18.17 Crore.

(f) An amount of Rs. 6.77 Crore being the exchange rate difference remains to be amortized as at the balance sheet date.

16. Disclosure in respect of Construction/Jobwork Contracts

(Rs. in Crore)

Sr.	Particulars	2008-09	2007-08
1.	Amount of Contract Revenue recognised	**7.84**	7.05
2.	Disclosure in respect of contracts in progress at the reporting date		
	A. Contract cost incurred and recognised profits less recognised losses up to the reporting date	**4.14**	2.03
	B. Due from customers	**0.72**	Nil
	C. Due to customers	**Nil**	Nil

17. (A) Factory Building, Office Premises, Plant and Machineries, Show Rooms and other facilities are taken on lease for the period of 3 months to 20 years with/without the option of renewal, no sub lease and having an escalation clause for increase in lease rental.

The particulars of these leases are as follows: (Rs. in crore)

Particulars	2008-09	2007-08
Future Minimum lease payments obligation on non-cancellable operating leases :	**247.29**	326.09
Not later than one year	**51.87**	72.93
Later than one year and not later than Five years	**117.63**	159.31
Later than five years	**77.79**	93.85
Lease Payment recognised in Profit & Loss Account	**69.85**	54.33

(B) Rent Income includes Lease Rental received towards Building, Plant & Machineries given on operating leases which are generally for a period of 12 to 60 months with the option of renewal on mutual consent and premature termination of agreement through agreed notice period.

The particulars of these leases are as follows: (Rs. in crore)

Particulars	2008-09	2007-08
Future Minimum lease payments under non-cancellable operating leases :	**1.06**	0.17
Not later than one year	**0.53**	0.17
Later than one year and not later than Five years	**0.53**	0.00
Later than five years	**NIL**	0.00
Lease Income recognised in Profit & Loss Account	**0.62**	0.17

Other Disclosure:

(Rs. in crore)

Class of Assets	Gross Block		Depreciation
	As at 31-03-08	As at 31-03-09	For the Year
Office Buildings	16.21	**16.21**	0.27
Plant & Machinery	1.26	**1.26**	0.13

(c) Data Processing Equipments, Vehicles, Furniture & Fixtures and Equipments have been acquired under Finance Lease for a period of 33 to 60 months with the option of renewal.

The particulars of these leases are as follows: (Rs. in crore)

Particulars	Minimum lease payments	Present Value of Minimum lease Payments	Interest and Other Charges not due
Future Minimum lease payments obligation :	3.58 (2.65)	3.04 (2.09)	0.54 (0.56)
Not later than one year	1.42 (0.81)	1.20 (0.55)	0.22 (0.26)
Later than one year and not later than Five years	2.16 (1.84)	1.84 (1.54)	0.32 (0.30)
Later than five years	NIL (NIL)	NIL (NIL)	NIL (NIL)

18. Micro & Small Enterprises Dues

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures regarding:

(a) Amount due and outstanding to suppliers as at the end of accounting year

(b) Interest paid during the year

(c) Interest payable at the end of the accounting year

(d) Interest accrued and unpaid at the end of the accounting year, have not been given.

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act

19. Auditors' Remuneration: (Rs. in crore)

	2008-09	2007-08
Statutory Auditors		
As Auditors	**0.61**	0.75
In other capacities	**1.18**	0.83
Travelling and Out of Pocket Expenses	**0.05**	0.05
Cost Auditor		
Cost Audit Fees	**0.03**	0.03

20. Notes to Cash Flow Statement:

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard – 3 on Cash Flow Statements.
2. Figures in bracket represent outflow of cash.
3. Cash and Cash Equivalents include Rs. 1.55 Crore (Rs. 0.27 Crore) not available for use by the Company.

21. Segment Reporting :

(A) Primary Segment (Business Segment) (Rs. in crore)

Particulars	**2008-09**	2007-08
Segment Revenue		
a) Textiles	**1957.47**	2019.16
b) Branded Garments	**679.25**	594.88
c) Others	**123.17**	95.53
d) Unallocable	**0.04**	0.16
Total Sales	**2759.93**	2709.73
Less :Inter Segment Revenue	**23.27**	35.71
Net Sales	**2736.66**	2674.02
Segment Results		
Segment Results before Interest & Finance Cost		
a) Textiles	**142.45**	178.88
b) Branded Garments	**(14.94)**	(1.08)
c) Others	**19.90**	18.34
d) Unallocable	**31.03**	(12.94)
Total Segment Results	**178.44**	183.20
Less : Interest & Finance Cost	**282.34**	156.60
Profit/(Loss) from Ordinary Activities	**(103.90)**	26.60
Extra Ordinary Items (Net)	**0.00**	0.00
(Loss)/Profit before Tax	**(103.90)**	26.60
Other Information		
Segment Assets		
a) Textiles	**2274.89**	2600.28
b) Branded Garments	**557.93**	462.43
c) Others	**108.91**	69.34
d) Unallocable	**1027.38**	929.21
Total Assets	**3969.11**	4061.26
Segment Liabilities		
a) Textiles	**309.37**	206.63
b) Branded Garments	**191.65**	170.23
c) Others	**34.96**	21.92
d) Unallocable	**62.94**	48.96
Total Liabilities	**598.92**	447.74
Segment Depreciation/Impairment		
a) Textiles (Including Impairment Loss of Rs. Nil (Rs.11.58 crore))	**138.97**	159.09
b) Branded Garments	**15.06**	8.87
c) Others	**1.77**	1.65
d) Unallocable	**4.75**	5.79
Total Depreciation	**160.55**	175.40

Particulars	2008-09	2007-08
Capital Expenditure		
a) Textiles	52.35	101.76
b) Branded Garments	66.27	70.45
c) Others	12.81	0.60
d) Unallocable	1.66	37.63
Total Capital Expenditure	133.09	210.44
Non cash expenses other than Depreciation		
a) Textiles	2.19	4.45
b) Branded Garments	2.99	0.56
c) Others	0.15	0.04
d) Unallocable	0.03	0.12
Total Non cash expenses other than Depreciation	5.36	5.17

(B) Secondary Segment (Geographical by Customers)

(Rs. in crore)

Particulars	2008-09	2007-08
Segment Revenue		
a) In India	1741.85	1702.86
b) Outside India	994.81	971.16
Total Sales	2736.66	2674.02
Carrying Cost of Assets by location of Assets		
a) In India	3869.59	3937.81
b) Outside India	99.52	123.45
Total	3969.11	4061.26
Addition to Assets		
a) In India	133.09	210.44
b) Outside India	0.00	0.00
Total	133.09	210.44

Notes:

1. The Company has disclosed business segments as the primary segment. Segments have been identified taking into account the nature of the products, differential risks and returns, the organizational structure and internal reporting system. The company's operations predominantly relate to manufacturing of textiles.
2. Types of Products and Services in each business segment :

   Textiles : Yarn, Fabric and Garments

   Branded Garments : Branded Garments

   Others : EPABX and RAX Systems(Electronic Division), I.T. Services & Engineering
3. Inter segment Revenues are recognised at sales price.

22. Related Party Disclosures :

As per the Accounting Standard on "Related Party Disclosures" (AS 18) issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows :

List of Related Parties & Relationship:

Subsidiary Companies * (A)	Key Management Personnel (B)
Lifestyle Fabrics Limited	Shri Sanjay S. Lalbhai, Chairman and Managing Director
Arvind Overseas (M) Limited, Mauritius	Shri Jayesh K. Shah, Director & Chief Financial Officer
Arvind Spinning Limited, Mauritius	Shri Punit S. Lalbhai Son of Chairman and Managing Director
Arvind Textile Mills Limited, Bangladesh	

* Excluded for consolidation.

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

Nature of Transactions (Rs. in crore)

	Referred in (A) Above		Referred in (B) Above	
	2008-09	2007-08	2008-09	2007-08
Expenses				
Remuneration & Other Services			1.18	2.49
Investments (Net)	0.00	0.05		
Credit Balance Written Back	0.00	8.09		
Outstanding :				
Receivable in respect of :				
(a) Current Assets	0.01	0.12		
(b) Loans	7.91	7.91		

(Rs. in crore)

	Loans & Advances in the nature of Loans	
Name of Subsidiary	**Closing Balance**	**Maximum Outstanding**
Arvind Overseas (Mauritius) Limited	7.91	7.91
Arvind Textile Mills Limited	0.01	0.01
TOTAL	**7.92**	**7.92**

Note : No repayment schedule has been fixed in case of above mentioned Loans & Advances in the nature of loans given to Subsidiary Companies and they are interest free.

23. Disclosure in respect of Provisions

(a) **Provision for Disputed Matters**

The Company had made provisions for pending disputed matters in respect of Indirect Taxes like Sales Tax, Excise Duty and Custom Duty in respect of Branded Garment Divisions acquired on Amalgamation/Merger, the liability for which may arise in the future, the quantum whereof will be determined as and when the matters are disposed off.

Indirect Taxes (Rs. in crore)

Particulars	**2008-09**	2007-08
Opening Balance	**3.30**	3.93
Add : Provision made	**0.00**	0.00
Less : Provision reversed	**0.49**	0.63
Closing Balance	**2.81**	3.30

(b) **Provision for Fair Valuation Loss on Derivatives**

The Company had made provisions for fair valuation loss on Derivatives, the liability for which may arise in the future, the quantum whereof will be determined as and when the derivatives are settled/cancelled.

(Rs. in crore)

Particulars	**2008-09**	2007-08
Opening Balance	**12.56**	0.00
Add : Provision made	**122.49**	12.56
Less : Provision reversed	**12.56**	0.00
Closing Balance	**122.49**	12.56

24. Earning Per Share (EPS) :

Particulars		**2008-09**	2007-08
(Loss)/Profit available to Equity Shareholder	Rs. in Crore	**(101.39)**	12.64
Weighted average no. of Equity Shares for Basic EPS	Nos.	**218977541**	209482746
Weighted average no. of Equity Shares for Diluted EPS	Nos.	**260635024**	250482746
Nominal value of Equity Shares	Rs.	**10**	10
Basic Earning per Equity Share	Rs.	**(4.63)**	0.60
Diluted Earning per Equity Share	Rs.	**(3.89)**	0.50

(Rs.in crore)

(A) Reconciliation of the profit/(loss) for the year, used for calculating Earning per Share	**2008-09**	2007-08
(Loss)/Profit for the year	**(99.42)**	15.54
Less: Dividend on redeemable cumulative non Convertible Preference Shares	**1.68**	2.48
Less : Tax on Preference Dividend	**0.29**	0.42
Profit available to Equity Shareholder	**(101.39)**	12.64

(B) Weighted average number of Equity Shares	**2008-09**	2007-08
No. of Shares for Basic EPS	**218977541**	209482746
No. of Shares for Diluted EPS after considering Potential equity shares to be converted from warrants and dilute effect of outstanding stock options	**260635024**	250482746

25. Employee Share Based Payment

(a) During the year the holding company has formulated Employee Stock Option Scheme (ESOS 2008), the features of the same are as follows :

Scheme	**ESOS 2008**
Date of Grant	October 25, 2008
Number of options granted	28,00,000
Exercise Price per option	Rs. 14.65
Date of vesting	The vesting will be as under : 25% on April 30, 2010 25% on April 30, 2011 25% on April 30, 2012 25% on April 30, 2013
Exercise Period	Within 3 years from the date of respective vesting.
Method of settlement	Through allotment of one Equity Share for each option granted.

(b) Intrinsic Value Method has been used to account for the employee share based payment plans. The intrinsic value of each stock option granted under the ESOS 2008 plan is Rs. Nil since the market price of the underlying share at the grant date was same as the exercise price and consequently the accounting value of the option (compensation cost) is Rs. Nil.

(c) Further details of the stock option plans is as follows :

Particulars	**ESOS 2008**
Options Outstanding at start of year	Nil
Options Granted During the year	28,00,000
Options Lapsed during the year	Nil
Options Exercised during the year	Nil
Options vested but not exercised at end of year	Nil
Options not vested at end of year	28,00,000
Weighted Average Exercise Price per Option	Rs. 14.65

(d) The Black-Scholes-Mertons Option Pricing Model have been used to derive the estimated value of stock option granted if the fair value method to account for the employee share based payment plans were to be used. The estimated value of each stock options and the parameters used for deriving the estimated value of Stock Option granted under Black-Scholes-Mertons Option Pricing Model is as follows;

Particulars	ESOS 2008 – Vesting on April 30,			
	2010	2011	2012	2013
Estimated Value of Stock Options (Rs.)	6.57	7.16	7.92	8.50
Share Price at Grant Date (Rs.)	14.65	14.65	14.65	14.65
Exercise Price (Rs.)	14.65	14.65	14.65	14.65
Expected Volatility (%)	58.74%	54.53%	54.46%	53.71%
Dividend Yield Rate (%)	0.50%	0.50%	0.50%	0.50%
Expected Life of Options(in years)	3.01	4.01	5.02	6.02
Risk Free Rate of Interest (%)	7.57%	7.61%	7.65%	7.70%

(e) Had the compensation cost for the stock options granted under ESOS 2008 been determined on fair value approach, the Company's net loss and earning per share would have been as pro forma amounts indicated below:

(Rs. in crore)

Particulars	2008-09
Net Loss After Tax as reported	(101.39)
Less : Amortisation of Compensation Cost (pro forma)	(0.36)
Net Loss considered for computing EPS (pro forma)	(101.75)
Earning Per Share - (Basic)	
- as reported	(4.63)
- pro forma	(4.65)
Earning Per Share - (Diluted)	
- as reported	(3.89)
- pro forma	(3.90)

26. Deferred Tax

In accordance with the mandatory Accounting Standard – 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company is accounting for deferred tax.

In compliance with provisions of Accounting Standard, during the year under review, total deferred tax liability of Rs. 0.68 crore (Rs. 0.03 crore) has been provided.

However, based on General Prudence, the Company has not recognised the deferred tax assets on account of accumulated business losses and unabsorbed depreciation nor written back excess deferred tax liability.

27. Capital Reserve on Consolidation

Capital Reserve on consolidation represents the losses in the value of the investments in and loan given to subsidiary companies provided by Arvind Limited (Holding company) in accordance with the scheme of arrangement sanctioned by the High Court of Gujarat.

28. Sundry Debtors, Sundry Creditors and Loans and Advances include certain accounts which are subject to confirmation/reconciliation and consequential adjustments if any, the effect of which is not ascertainable.

29. Figures less than Rs. 50,000/- which are required to be shown separately, have been shown as actual in brackets.

30. Previous year's figures are shown in brackets and are regrouped recast wherever necessary. As the holding company has implemented Accounting Standard (AS)-30 'Financial Instruments: Recognition and Measurement' during the year previous year's figures are not strictly comparable.

Signatures to Schedules 1 to 18

As per our report attached
For **Sorab S. Engineer & Co.**
Chartered Accountants

CA. N. D. Anklesaria
Partner

Ahmedabad
29th May, 2009

Sanjay S. Lalbhai
Chairman & ManagingDirector

Jayesh K. Shah
Director & Chief Financial Officer

R. V. Bhimani
Company Secretary

Financial Statements – year ended March 31, 2009

Dear Shareholder

The Board of Directors is pleased to present the financial statements of The Arvind Overseas (Mauritius) Limited for the year ended March 31, 2009, the contents of which are listed below:

All shareholders agree that the Annual Report need not comply with Section 218 of the Companies Act, 2001.

This report was approved by the Board of Directors on 30th June, 2009.

SANJAY S. LALBHAI	**SAMVEG A. LALBHAI**
Director	Director

Report of the Auditors to the Members

We have audited the financial statements of **The Arvind Overseas (Mauritius) Limited** set out on pages 81 to 84.

This report is made solely to the company's members, as a body. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit, for this report or for the opinion we have formed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you. We beleive that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, which has been prepared under the **break up basis,** gives a true and fair view of the state of affairs of the company as at March 31, 2009 and of its loss for the year then ended.

BDO DE CHAZAL DU MEE

Chartered Accountants

Port Louis,

Mauritius.

Per Georges Chung Ming Kan F.C.C.A.

Date : 30th June, 2009

Balance Sheet - March 31, 2009

	Notes	2009 Mau. Rs.	2009 Rs. in Lacs*	2008 Mau. Rs.	2008 Rs. in Lacs**
ASSETS					
Current assets					
Cash and cash equivalents		**1,536,422**	**24.57**	1,731,959	27.19
Total assets		**1,536,422**	**24.57**	1,731,959	27.19
EQUITY AND LIABILITIES					
Capital and deficit					
Share capital	3	**238,517,100**	**3,814.60**	238,517,100	3,744.72
Revenue deficit		**(236,980,678)**	**(3,790.03)**	(236,785,141)	(3,717.53)
Equityholders' interest		**1,536,422**	**24.57**	1,731,959	27.19

These financial statements have been approved for issue by the Board of Directors on: 30th June, 2009.

SANJAY S. LALBHAI	**SAMVEG A. LALBHAI**
DIRECTOR	DIRECTOR

The notes on pages 83 to 84 form an integral part of these financial statements.
Auditors' report on page 80.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Mau Rs.= 1.5993)
** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Mau Rs.= 1.57)

Income Statement - Year Ended March 31, 2009

	Notes	2009 Mau. Rs.	2009 Rs. in Lacs*	2008 Mau. Rs.	2008 Rs. in Lacs**
Administrative expenses		**(25,346)**	**(0.41)**	(37,317)	(0.60)
Finance Costs	4	**(170,191)**	**(2.72)**	(47,393)	(0.74)
Loss before exceptional item		**(195,537)**	**(3.13)**	(84,710)	(1.34)
Exceptional item	5	**0**	**0.00**	(40,377,272)	(633.92)
Loss for the year		**(195,537)**	**(3.13)**	(40,461,982)	(635.26)

These financial statements have been approved for issue by the Board of Directors on: 30th June, 2009.

SANJAY S. LALBHAI	**SAMVEG A. LALBHAI**
DIRECTOR	DIRECTOR

The notes on pages 83 to 84 form an integral part of these financial statements.
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* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Mau Rs.= 1.5993)
** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Mau Rs.= 1.57)

Statement of Changes In Equity - Year Ended March 31, 2009

	Share Capital		Revenue Deficit		Total	
	Mau. Rs.	**Rs. in Lacs***	**Mau. Rs.**	**Rs. in Lacs***	**Mau. Rs.**	**Rs. in Lacs***
Balance at April 1, 2008	238,517,100	3,814.60	(236,785,141)	(3,786.90)	1,731,959	27.70
Loss for the year	0	0.00	(195,537)	(3.13)	(195,537)	(3.13)
Balance at March 31, 2009	**238,517,100**	**3,814.60**	**(236,980,678)**	**(3,790.03)**	**1,536,422**	**24.57**
Balance at April 1, 2007	238,517,100	3,744.72	(196,323,159)	(3,082.27)	42,193,941	662.45
Loss for the year	0	0.00	(40,461,982)	(635.25)	(40,461,982)	(635.25)
Balance at March 31, 2008	238,517,100	3,744.72	(236,785,141)	(3,717.52)	1,731,959	27.20

Auditors' report on page 80.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Mau Rs.= 1.5993)
** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Mau Rs.= 1.57)

Cash Flow Statement - Year Ended March 31, 2009

	Notes	2009		2008	
		Mau. Rs.	**Rs. in Lacs***	Mau. Rs.	Rs. in Lacs**
Cash flows from operating activities					
Cash absorbed in operations	6(a)	**(195,537)**	**(3.13)**	(84,710)	(1.33)
Net cash used in operating activities		**(195,537)**	**(3.13)**	(84,710)	(1.33)
Decrease in cash and cash equivalents		**(195,537)**	**(3.13)**	(84,710)	(1.33)
Movement in cash and cash equivalents:					
At April 1,		**1,731,959**	**27.70**	1,816,669	28.52
Decrease		**(195,537)**	**(3.13)**	(84,710)	(1.33)
At March 31,	6(b)	**1,536,422**	**24.57**	1,731,959	27.19

The notes on pages 83 to 84 form an integral part of these financial statements.
Auditors' report on page 80.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Mau Rs.= 1.5993)
** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Mau Rs.= 1.57)

Notes to the Financial Statements - Year Ended March 31, 2009

1. GENERAL INFORMATION

The Arvind Overseas (Mauritius) Limited is a private company incorporated and domiciled in Mauritius. The address of its registered office is 10, Frère Félix de Valois Street, Port Louis, Mauritius and the place of business is at La Tour Koenig, Pointe aux Sables. Its immediate and ultimate holding company is The Arvind Mills Ltd, incorporated in India. The company ceased business in August 2004. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of The Arvind Overseas (Mauritius Limited) have been prepared under the **break up basis.** All assets have been stated at the lower of cost and net realisable value. All long-term assets have been reclassified as current.

(b) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements are measured using Mauritian rupees, the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Mauritian rupees, which is the company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(c) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(d) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

Notes to the Financial Statements - Year Ended March 31, 2009

		2009		2008	
		Mau. Rs.	**Rs. in Lacs***	Mau. Rs.	Rs. in Lacs**
3.	**SHARE CAPITAL**				
	AUTHORISED				
	2,500,000 ordinary shares of Rs. 100 each	**250,000,000**	**3,998.25**	250,000,000	3,925.00
	ISSUED AND FULLY PAID				
	2,385,171 ordinary shares of Rs. 100 each	**238,517,100**	**3,814.60**	238,517,100	3,744.72
4.	**FINANCE COSTS**				
	Net foreign exchange transaction Losses	**(170,191)**	**(2.72)**	(47,393)	(0.74)
5.	**EXCEPTIONAL ITEM**				
	Amount receivable from related parties written off	**0**	**0.00**	(40,377,272)	(633.92)
		0	**0.00**	(40,377,272)	(633.92)
6.	**NOTES TO THE CASH FLOW STATEMENT**				
	(a) Cash absorbed in operations				
	Loss for the year	**(195,537)**	**(3.13)**	(40,461,982)	(635.25)
	Changes in working capital:				
	- Amounts receivable from related parties	**0**	**0.00**	40,377,272	633.92
	Cash absorbed in operations	**(195,537)**	**(3.13)**	(84,710)	(1.33)
	(b) Cash and cash equivalents				
	Cash and bank balances	**1,536,422**	**24.57**	1,731,959	27.19

7. DEFERRED TAXATION

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of related tax benefit is probable. The company has tax losses of Mau. Rs. 388,969,478 Rs. in Lacs 6,220.79* (2008: Mau. Rs. 388,944,132 Rs. in Lacs 6,106.42**) to carry forward against future taxable income, which have not been recognised in these financial statements due to cessation of business.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Mau Rs.= 1.5993)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Mau Rs.= 1.57)

Financial Statements – year ended March 31, 2009

Dear Shareholder

The Board of Directors is pleased to present the financial statements of **Arvind Spinning Ltd.** for the year ended March 31, 2009, the contents of which are listed below :

All shareholders agree that the Annual Report need not comply with Section 218 of the Companies Act, 2001.

This report was approved by the Board of Directors on 30th June, 2009.

SANJAY S. LALBHAI
Director

JAYESH K. SHAH
Director

Report of the Auditors to the Members

We have audited the financial statements of **Arvind S pinning Ltd.** set out on pages 86 to 89.

This report is made solely to the company's members, as a body. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit, for this report or for the opinion we have formed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements, which has been prepared under the **break up basis,** gives a true and fair view of the state of affairs of the company as at March 31, 2009 and of its loss for the year then ended.

BDO DE CHAZAL DU MEE

Chartered Accountants

Port Louis,

Mauritius.

Per Georges Chung Ming Kan F.C.C.A.

Date : 30th June, 2009

Balance Sheet - March 31, 2009

	Notes	2009		2008	
ASSETS		**Mau. Rs.**	**Rs. in Lacs***	Mau. Rs.	Rs. in Lacs**
Current assets					
Cash and cash equivalents		**596,170**	**9.53**	597,370	9.38
Total assets		**596,170**	**9.53**	597,370	9.38
EQUITY AND LIABILITIES					
Capital and deficit					
Share capital	3	**82,409,966**	**1,317.98**	82,409,966	1,293.84
Revenue deficit		**(81,813,796)**	**(1,308.45)**	(81,812,596)	(1,284.46)
		596,170	**9.53**	597,370	9.38
Equity holders' interest		**596,170**	**9.53**	597,370	9.38

These financial statements have been approved for issue by the Board of Directors on: 30th June, 2009.

SANJAY S. LALBHAI
Director

JAYESH K. SHAH
Director

The notes on pages 88 to 89 form an integral part of these financial statements.
Auditors' report on page 85.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Mau Rs.= 1.5993)
** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Mau Rs.= 1.57)

Income Statement - Year Ended March 31, 2009

	2009		2008	
	Mau. Rs.	**Rs. in Lacs***	Mau. Rs.	Rs. in Lacs**
Administrative expenses	**(1,200)**	**(0.02)**	(1,286)	(0.02)
Loss for the year	**(1,200)**	**(0.02)**	(1,286)	(0.02)

These financial statements have been approved for issue by the Board of Directors on: 30th June, 2009.

SANJAY S. LALBHAI
Director

JAYESH K. SHAH
Director

Auditors' report on page 85.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Mau Rs.= 1.5993)
** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Mau Rs.= 1.57)

Statement of Changes In Equity - Year Ended March 31, 2009

	Share Capital		Revenue Deficit		Total	
	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs*
Balance at April 1, 2008	82,409,966	1,317.98	(81,812,596)	(1,308.43)	597,370	9.55
Loss for the year	0	0.00	(1,200)	(0.02)	(1,200)	(0.02)
Balance at March 31, 2009	**82,409,966**	**1,317.98**	**(81,813,796)**	**(1,308.45)**	**596,170**	**9.53**
Balance at April 1, 2007	82,409,966	1,293.84	(81,811,310)	(1,284.44)	598,656	9.40
Loss for the year	0	0.00	(1,286)	(0.02)	(1,286)	(0.02)
Balance at March 31, 2008	82,409,966	1,293.84	(81,812,596)	(1,284.46)	597,370	9.38

Auditors' report on page 85.

*The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Mau Rs.= 1.5993)
** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Mau Rs.= 1.57)

Cash Flow Statement - Year Ended March 31, 2009

	2009		2008	
	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs**
Cash flows from operating activities				
Loss for the year	(1,200)	(0.02)	(1,286)	(0.02)
Net cash used in operating activities	(1,200)	(0.02)	(1,286)	(0.02)
Net decrease in cash and cash equivalents	(1,200)	(0.02)	(1,286)	(0.02)
Movement in cash and cash equivalents				
At April 1,	597,370	9.55	598,656	9.40
Decrease	(1,200)	(0.02)	(1,286)	(0.02)
At March 31,	596,170	9.53	597,370	9.38

Auditors' report on page 85.

*The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Mau Rs.= 1.5993)
** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Mau Rs.= 1.57)

Notes to the Financial Statements - Year Ended March 31, 2009

1. GENERAL INFORMATION

Arvind Spinning Ltd. is a private company incorporated and domiciled in Mauritius. Its main activity is the manufacture of ring and open end spun cotton yarn. The address of its registered office is at 10 Frère Félix de Valois Street, Port Louis, Mauritius and the place of business was at La Tour Koenig, Pointe aux Sables. The company ceased business in August 2004. Arvind Mills Ltd., incorporated in India is the holding company.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the company.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Arvind Spinning Ltd. have been prepared under the **break up basis.** All assets have been stated at the lower of cost and net realisable value. All long term assets have been reclassified as current.

(b) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction effects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(c) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

Notes to the Financial Statements - Year Ended March 31, 2009

	2009		2008	
	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs**
3. SHARE CAPITAL				
STATED CAPITAL				
Ordinary shares				
At April 1, and March 31,	82,409,966	1,317.98	82,409,966	1,293.84

4 DEFERRED TAXATION

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of related tax benefit is probable. The company has tax losses of Mau. Rs. 74,265,739 Rs. in Lacs 1,187.73* (2008 : Mau. Rs. 74,264,539 Rs. in Lacs** 1,165.95) to carry forward against future taxable income, which have not been recognised in these financial statements due to cessation of business.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Mau Rs.= 1.5993)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Mau Rs.= 1.57)

Auditor's Report

To the Shareholders of Arvind Textiles Mills Limited

We have audited the accompanying Balance Sheet of Arvind Textiles Mills Limited as of 31 March, 2009 and the related Profit and Loss Account and Cash Flow Statement for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above give a true and fair view of the state of the company's affairs as of 31 March 2009 and of the results of its operations and its cash flows for the year then ended in accordance with Bangladesh Accounting Standards and comply with the Companies Act, 1994 and other applicable laws and regulations.

We further report that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;

b. In our opinion, proper books of account as required by law have been kept by the company so far as it appeared from our examination of those books; and

c. The company's balance sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts maintained by the company and examined by us.

Dhaka
20th May, 2009

ACNABIN
Chartered Accountants

Balance Sheet as of 31 March, 2009

		Note	31.03.09 Taka	31.03.09 Rs.in Lacs*	31.03.08 Taka	31.03.08 Rs.in Lacs**
I.	**SOURCES OF FUNDS**					
1.	Shareholders' Funds					
	a) Share Capital	3	**500,000,000**	**3,688.13**	500,000,000	2,924.83
	b) Issued, Subscribed & Paid-up Share Capital		**700,000**	**5.16**	700,000	4.09
	c) Share Premium	4	**4,529,705**	**33.41**	4,529,705	26.50
	d) Share Application	5	**19,425,060**	**143.29**	9,716,000	56.84
			24,654,765	**181.86**	14,945,705	87.43
II.	**APPLICATION OF FUNDS**					
1.	Fixed Assets					
2.	Current Assets, Loans and Advances		**3,827,965**	**28.24**	4,158,589	24.33
	a) Cash and Bank Balances	6	**480,954**	**3.55**	811,578	4.75
	b) Security Deposit		**3,347,011**	**24.69**	3,347,011	19.58
3.	Less : Current Liabilities & Provisions		**-**	**-**	-	-
4.	Net Current Assets (2-3)		**3,827,965**	**28.24**	4,158,589	24.33
5.	Miscellaneous					
	a) Profit and Loss Account		**20,826,800**	**153.62**	10,787,116	63.10
			24,654,765	**181.86**	14,945,705	87.43

The annexed notes form an integral part of the balance sheet.

JAYESH K. SHAH
Director

JAGDISH DALAL
Director

This is the Balance Sheet referred to in our report of even date.

Dhaka,
Date: 20th May, 2009

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Taka Rs. = 0.74)
** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Taka Rs. = 0.59)

Profit and Loss Account for the period from 01 April 2008 to 31 March, 2009

	Note	31.03.09 Taka	31.03.09 Rs.in Lacs*	31.03.08 Taka	31.03.08 Rs.in Lacs**
Turnover/Revenue		-	-	-	-
Cost of Sales		-	-	-	-
Gross Profit		-	-	-	-
Less: Operating Expenses:	7	10,039,684	74.05	9,586,986	56.08
Net Loss		(10,039,684)	(74.05)	(9,586,986)	(56.08)
Add: Accumulated Loss, brought forwarded		(10,787,116)	(79.57)	(1,200,129)	(7.02)
Accumulated (Loss) transferred to Balance Sheet		(20,826,800)	(153.62)	(10,787,115)	(63.10)

The annexed note forms an integral part of the Profit & Loss Account.

The annexed notes form an integral part of the balance sheet.

JAYESH K. SHAH
Director

JAGDISH DALAL
Director

This is the Profit and Loss Account referred to in our report of even date.

Dhaka,
Date: 20th May, 2009

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Taka Rs. = 0.74)
** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Taka Rs. = 0.59)

Statement of Cash Flows for the period from 01 April 2008 to 31 March, 2009

		2008-09 Taka	2008-09 Rs.in Lacs *	2007-08 Taka	2007-08 Rs.in Lacs **
a.	**Cash Flow from Operating Activities**				
	Net Loss	(10,039,684)	(74.05)	(9,586,986)	(56.08)
	Adjustment for items not involving movement of cash:				
	Depreciation				
	(Gain)/loss on sale of fixed assets				
	Tax paid				
		(10,039,684)	(74.05)	(9,586,986)	(56.08)
	Changes in working capital components:				
	Increase in Prepayments (Security Deposit)	-		-	
	Net cash flow from operating activities	(10,039,684)	(74.05)	(9,586,986)	(56.08)
b.	**Cash Flow from Investing Activities**	-		-	-
c.	**Cash Flow from Financing Activities**				
	Issuance of Share at premium	-		-	
	Share Application	9,709,060	71.62	9,716,000	56.84
	Net Cash flow from Financing Activities	9,709,060	71.62	9,716,000	56.84
Net surplus/(deficit) of cash & bank balance for the year (a+b+c)		(330,624)	(2.44)	129,014	0.75
Cash & bank balance at beginning of the year		811,578	5.99	682,564	3.99
Cash & bank balance at end of the year		480,954	3.55	811,578	4.74

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Taka Rs. = 0.74)
** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Taka Rs. = 0.59)

Notes to the Financial Statements for the period from 01 April 2008 to 31 March, 2009

1. Formation, Status and Activities

1.1 Formation and Status

Arvind Textile Mills Ltd., a private company limited by shares, was incorporated in Bangladesh on 25 September 2006, under the Companies Act, 1994, with authorized capital Tk.500,000,000 (fifty crores) divided in to 50,000,000 (five crores) shares of T

1.2 Activities

The company was established with the principal objectives of carrying of business of spinning, weaving, or manufacturing or importing, exporting or dealing in cotton or other fabrous substances and the preparation, dyeing or coloring of any of the said su

2. Significant Accounting Policies

2.1 Basis of the Preparation of Financial Statements

These financial statements have been prepared under the historical cost convention in accordance with International Accounting Standards as adopted in Bangladesh.

2.2 Depreciation on Fixed Assets

As per company's policy, straight line method is followed for charging depreciation on fixed assets of the company. During the year under audit depreciation has not been charged as the company does not own any fixed assets other than Land and Land Develop

2.3 General

a. Figures in the financial statements have been rounded off to the nearest Taka.

b. Dollar amount has been converted using average conversion rate.

			31.03.2009 Taka	**31.03.2009 Rs.in Lacs***	31.03.2008 Taka	31.03.2008 Rs.in Lacs**
3. Share Capital						
Authorized capital:						
50,000,000 ordinary shares of Tk.10 each			**500,000,000**	**3,688.13**	500,000,000	2,924.83
Issued, subscribed and paid-up capital:						
70,000 ordinary shares of Tk.10 each fully paid-up			**700,000**	**5.16**	700,000	4.09
Details of shareholdings are as under:						
		No. of share				
Name of the shareholder						
Arvind Ltd.		68,600	**686,000**	**5.06**	686,000	4.01
Mr.Jayesh Kantilal Shah		700	**7,000**	**0.05**	7,000	0.04
Mr. Jagdish Gajanand Dalal		700	**7,000**	**0.05**	7,000	0.04
		70,000	**700,000**	**5.16**	700,000	4.09
4. Share Premium						
No. of Share issues	70,000					
Prmium Per Share	64.71					
Total	**4,529,705**		**4,529,705**	**33.41**	4,529,705	26.50

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Taka Rs. = 0.74)
** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Taka Rs. = 0.59)

		31.03.2009 Taka	31.03.2009 Rs.in Lacs*	31.03.2008 Taka	31.03.2008 Rs.in Lacs**
5.	**Share Application**				
	Share Application	**19,425,060**	**143.28**	9,716,000	56.84
6.	**Cash and Cash Equivalent**				
	Cash in Hand			-	
	Cash at Bank:				
	A/C # 05420035420001	**135,644**	**1.00**	135,644	0.79
	A/C # 05420087520001	**345,310**	**2.55**	675,934	3.95
		480,954	**3.55**	811,578	4.74

		2008-09 Taka	2008-09 Rs.in Lacs*	2007-08 Taka	2007-08 Rs.in Lacs**
7.	**Office & Administrative Expenses**				
	Lease rental	**10,030,443**	**73.98**	9,582,345	56.05
	Bank charge	**9,241**	**0.07**	4,641	0.03
		10,039,684	**74.05**	9,586,986	56.08

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2009 (1 Taka Rs. = 0.74)
** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2008 (1 Taka Rs. = 0.59)

Directors' Report

To,
The Members,
Lifestyle Fabrics Limited

Your Directors present their Fifteenth Annual Report along with the audited Financial Statements for the year ended on 31st March, 2009.

1. FINANCIAL RESULTS

(Rs. in lacs)

	2008-2009	2007-2008
Sales & Other Income	**Nil**	Nil
Profit/(Loss) before Depreciation, Interest and taxation	**(2.03)**	(1.94)
Less: Net Interest	**Nil**	Nil
Profit / (Loss) after Interest but before Depreciation and Taxation	**(2.03)**	(1.94)
Less: Depreciation	**Nil**	Nil
Profit/(Loss) before tax	**(2.03)**	(1.94)
Less : Short provision for Income Tax of earlier years	**Nil**	Nil
Profit / (Loss) for the year	**(2.03)**	(1.94)
Balance as per last year's Balance Sheet	**(653.03)**	(651.09)
Balance carried to Balance Sheet	**(655.06)**	(653.03)

2. OPERATIONS

As reported earlier, the Company is not carrying any manufacturing operations since August, 2001 and the expenses incurred during the year were mainly towards administration and general office purposes etc. As reported last year, your directors continue to explore various options in the best interest of the members, including its merger.

3. DIVIDEND

In view of the loss for the year and carried forward losses of the Company, your directors do not recommend any dividend for the year under review.

4. SUBSIDIARY COMPANIES

The Company continued to be subsidiary of Arvind Limited (Formerly Known as The Arvind Mills Limited) by virtue of Clause (c) of Section 4 of the Companies Act, 1956.

5. DIRECTORS

Mr. Vikash Shekhar, Mr. Rajesh Kumar Garg who have been appointed as an Additional Directors of the Company by the Board of Directors at their meeting held on 7th May, 2009, holds the office upto the date of this ensuing Annual General Meeting. The Company has received the notice in writing under Section 257 from the member proposing their candidature as Directors.

Mr. Bhupendra M. Shah, Mr. Jayesh K. Shah, Mr. Shreyas C. Sheth, Mr. Kamal R. Sheth and Mr. I. S. Shah, Directors of the Company have resigned as a Director of the Company with effect from 7th May, 2009.

6. DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) of the Companies Act, 1956, the Directors state that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards.
2. Such accounting policies have been selected and applied consistently and such judgments and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on and loss of the Company for the year.
3. Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. In view of the sale of all the fixed assets and in absence of any business activity the attached annual account could not be termed as prepared on a going concern basis. However, the directors have prepared the Annual Accounts after providing for all the potential losses and expenses and as such no further adjustments were required to be made in respect thereof.

7. REPORT ON CORPORATE GOVERNANCE

A separate report on Corporate Governance is being published as a part of the Annual Report of the Company. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

8. AUDITORS

M/s. G. K. Chokshi & Co., Chartered Accountants, Ahmedabad, Auditors of the Company are retiring at the ensuing Annual General Meeting, have expressed their unwillingness to be re-appointed as Auditors of the Company at this meeting. It is therefore proposed to appoint M/s. Doogar & Associates, Chartered Accountants, Delhi as Auditors of the Company who have given their consent to act as the Auditors, if appointed. Members are requested to appoint the Auditors and fix their remuneration.

9. PARTICULARS OF EMPLOYEES AND INFORMATION REGARDING CONSERVATION OF ENERGY ETC.

As the Company does not have any employee, the Particulars of employees as required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not being given.

After the closure of the factory in August, 2001, the Company had disposed off Lease hold Land and Factory Building during the financial year 2002-03, hence information required under Section 217(1)(e) of the Companies Act, read with Rule 2 of the Companies [Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are not being given.

10. ACKNOWLEDGEMENT

Your Directors record their appreciation of support and co-operation extended by all shareholders, bankers of the Company and government authorities.

For and on behalf of the Board
For Lifestyle Fabrics Limited

Place : Ahmedabad	Bhupendra M. Shah	Jayesh K. Shah
Date : 07.05.2009	Director	Director

Annexure to the Auditors' Report

The annexure referred to in the Auditors Report to the members of Lifestyle Fabrics Limited (the company) for the year ended 31st March 2009.
We report that:

1 In respect of Fixed Assets;
The Company does not have any Fixed assets for the year under review and therefore the clauses 4 (i) (a) to (c) of the Order are not applicable.

2 The Company does not carry any inventories during the year and therefore the clauses 4 (ii) (a) to (c) of the Order are not applicable

3 (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained u/s.301 of the Companies Act, 1956. Accordingly the clauses 4(ii)(b), 4(iii)(c) and 4(iii)(d) of the report are not applicable
(b) The company has taken an interest free unsecured loan from the Holding company. The maximum amount involved during the year was Rs.676000/- and the year end balance was Rs. 56/-.
(c) The terms and conditions of such interest free loan are not prima facie prejudicial to the interest of the company.
(d) According to the information and explanation given to us , the principal amount of such interest free loan is repayable on demand.

4 The company has not entered into any transaction with regard to purchase of inventory and fixed assets and sale of goods, hence, in our opinion, the question of evaluation of adequacy of internal control does not rise. Accordingly, the clause 4(iv) of the Order is not applicable.

5 (a) There are no transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under section 301 of the Companies Act , 1956.
(b) There are no transactions of purchase and sale of goods, material and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act , 1956 aggregating during the year to Rs.5 lacs or more in respect of each party.

6 The company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act , 1956.

7 The company does not have any internal audit system as such, because in the opinion of the management, the same was not considered essential in view of low volume of transactions.

8 According to information and explanation given to us, the central government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of services carried out by the company.

9 (a) According to information and explanation given to us, and on the basis of our examination of the books of accounts, the company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
(b) According to the information and explanations given to us, the Company had disputed Income tax dues amounting to Rs.4,99,800/- relevant to Assessment Year 2002-2003 which is at present pending with CIT (Appeals), Mumbai.

10 The accumulated losses of the company exceed 50 percent of its net worth and has incurred cash losses in the current financial year as well as and in the immediately preceding financial year.

11 According to the records of the company examined by us and on the basis of information and explanations given to us, the company has neither taken any loans from a financial institutions and a bank nor issued any debentures. Accordingly clause 4(xi) of the order is not applicable.

12. The company has not granted any loans and advances on the basis of securities by way pledge of shares, debentures and other securities. Accordingly clause 4(xii) of the order is not applicable.

13. The company is not Chit fund, Nidhi, Mutual Benefit Funds or a Society. Accordingly clause 4(xiii) of the order is not applicable.

14. The Company is not dealing or trading in shares, securities, debentures or other investments and hence the requirements of clause 4 (xiv) are not applicable to the company.

15. In our opinion and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions during the year. Accordingly clause 4(xv) of the order is not applicable.

16. In our opinion and according to the information and explanations given to us, the company has not obtained any term loans during the year under review. Accordingly clause 4(xvi) of the order is not applicable.

17. On the basis of an overall examination of the balance sheet of the company in our opinion and according to the information and explanations given to us, the company has not raised any funds on short term basis which has been used for long term investment.

18. The company has not made any preferential allotment to parties and companies covered under register maintained under section 301 of The Companies Act, 1956 during the year. Accordingly clause 4(xviii) of the order is not applicable.

19. During the period covered by audit report, the company has not issued any debentures. Accordingly clause 4(xix) of the order is not applicable.

20. The company has not raised any money by public issues during the year. Accordingly clause 4(xx) of the order is not applicable.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the period under review.

For G. K. CHOKSI & CO.
Chartered Accountants

SANDIP A. PARIKH
Partner
Membership No. 40727

Place : Ahmedabad
Date : 7th May, 2009

Balance Sheet
as at 31st March, 2009

	Schedule	Amount (Rs.)	As at 31st March, 2009 Amount (Rs.)	As at 31st March, 2008 Amount (Rs.)
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	A	**55000000**		55000000
Reserves & Surplus	B	**9831129**		9831129
			64831129	64831129
Loan Funds				
Unsecured Loan	C		**650056**	481000
Total :			**65481185**	65312129
APPLICATION OF FUNDS				
Current Assets, Loans and Advances	D			
Cash and Bank Balances		**7490**		38634
Less : Current liabilities and provisions:	E			
Current liabilities		**32284**		29618
Net Current Assets			**(24794)**	9016
Balance in Profit and Loss account			**65505979**	65303113
Total :			**65481185**	65312129
Significant Accounting Policies	G			
Notes forming part of accounts	H			

As per our attached report of even date

For G. K. CHOKSI & CO.
Chartered Accountants
SANDIP A. PARIKH
Partner

For and on behalf of the Board
Bhupendra M. Shah, Director
Jayesh K. Shah, Director

Place : Ahmedabad
Date : 7th May, 2009

Profit & Loss Account
for the year ended on 31st March, 2009

	Schedule	Year ended 31-03-2009 Amount (Rs.)	Year ended 31-03-2008 Amount (Rs.)
INCOME		**0**	0
EXPENDITURE			
Administrative and Other Expenses	F	**202866**	194345
Profit/(Loss) before tax		**(202866)**	(194345)
Provision for Taxation			
Current Tax		**0**	0
Profit/(Loss) after tax		**(202866)**	(194345)
Balance brought forward		**(65303113)**	(65108768)
Balance carried to Balance Sheet		**(65505979)**	(65303113)
Basic and Diluted Earnings per Equity Share		**(0.04)**	(0.04)
(ReferNoteNo.3ofSchedule-`H')			
SignificantAccountingPolicies	G		
Notesformingpartofaccounts	H		

As per our attached report of even date

For G. K. CHOKSI & CO.
Chartered Accountants
SANDIP A. PARIKH
Partner

For and on behalf of the Board
Bhupendra M. Shah, Director
Jayesh K. Shah, Director

Place : Ahmedabad
Date : 7th May, 2009

Cash Flow Statement for the year ended on 31st March, 2009

		2008-2009 Rupees	2007-2008 Rupees
(A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net operating loss before working capital changes	**(202,866)**	(194,345)
	Adjustments for :		
	Trade payables	**2,666**	16,135
	Cash Generated from Operations	**(200,200)**	(178,210)
	Direct taxes paid (Net of Refund)	**0**	-
	Net Cash from Operating Activities	**(200200)**	(178210)
(B)	CASH FLOW FROM INVESTING ACTIVITIES	**-**	-
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Unsecured loan	**169,056**	210,000
	Net cash from financing activities	**169,056**	210,000
	NET DECREASE IN CASH & CASH EQUIVALENTS	**(31,144)**	31,790
	CASH & CASH EQUIVALENTS		
	Opening Balance at Begining of the year	**38,634**	6,844
	Closing Balance at the End of the year	**7,490**	38,634
	NET DECREASE IN CASH & CASH EQUIVALENTS	**(31,144)**	31,790

Explanatory Notes to Cash Flow Statement

1. The Cash Flow Statement is prepared in accordance with the format prescribed by Securites and Exchange Board of India & Accounting Standard 3 as prescribed by The Institute of Chartered Accountants of India.
2. In Part A of the Cash Flow Statements, figures in brackets indicates cash outflows. In part B there is neither cash inflow nor cash outflow.
3. Figures of the previous year have been regrouped wherever necessary, to confirm to current years presentation.

As per our attached report of even date

For G. K. CHOKSI & CO.
Chartered Accountants
SANDIP A. PARIKH
Partner

Place : Ahmedabad
Date : 7th May, 2009

For and on behalf of the Board
Bhupendra M. Shah, Director
Jayesh K. Shah, Director

Place : Ahmedabad
Date : 7th May, 2009

Schedules forming part of the Accounts

	As at 31 st March, 2009 Amount (Rs.)	As at 31st March, 2008 Amount (Rs.)
SCHEDULE - `A' SHARE CAPITAL		
Authorised :		
70,00,000 Equity Shares of Rs.10/- each	**70000000**	70000000
Issued, Subscribed and Paid-up :		
55,00,000 Equity Shares of Rs.10/- each Fully paid up (Of the above 39,49,093 sh ares are held in escrow account pursuant to share purchase agreement dated 03/12/2008, P. Y. by the holding company, Asman Investments Limited, a subsidiary of Arvind Mills Limited)	**55000000**	55000000
SCHEDULE - `B' : RESERVES AND SURPLUS		
Capital Reserve	**9831129**	9831129
SCHEDULE - `C' : UN-SECURED LOANS		
Intercorporate Deposits		
Paonta Finance and Deposits Pvt. Ltd.	**650000**	0
Asman Investments Limited - (Holding Company)	**56**	481000
	650056	481000
SCHEDULE - `D' : CURRENT ASSETS, LOANS AND ADVANCES		
Bank Balances		
In Current account with		
UCO Bank	**0**	19767
HDFC Bank	**7490**	18867
	7490	38634
SCHEDULE - `E' : CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors		
For Expenses	**32068**	29618
Other Liabilities	**216**	0
	32284	29618

	As at 31 st March, 2009 Amount (Rs.)	As at 31st March, 2008 Amount (Rs.)
SCHEDULE - `F' : ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement Expense	**86634**	57298
Printing and Stationery	**25000**	28125
Postage and Telephone	**696**	19825
Membership & Subscription	**11236**	11236
Listing Fees (Inclusive of Interest NIL P.Y Rs. 150/-)	**39097**	35150
Legal and Professional Expenses	**24236**	26846
Auditor's Remuneration	**13236**	13483
Filing Fees	**2056**	1500
Bank Charges	**675**	596
Miscellaneous Expenses	**0**	286
Total :	**202866**	194345

Schedule - `G': Significant Accounting Policies

(a) Basis of preparation of financial statements

These financial statements have been prepared on the accrual basis of accounting, under the historical cost convention, and in accordance with the Companies Act, 1956 and the applicable accounting standard issued by The Institute of Chartered Accountants of India.

(b) Use of estimates

The presentation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reported period. Differences between the actual result and estimates are recognized in the period in which the results are known/determined.

(c) Provisions and Contingent Liabilities

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes.

(d) Taxation

(i) Current year tax is provided based on the taxable income computed in accordance with the provisions of the Income-tax Act, 1961.

(ii) Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred tax assets are recognized on unabsorbed depreciation and carry forward of losses based on virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Schedules forming part of the Accounts

Schedule - `H': Notes forming part of Accounts

1. Contingent liabilities and capital commitments:

	2008-2009	2007-2008
Disputed Income tax Demand for A. Y. 2002-2003	4,99,800	4,99,800
	4,99,800	4,99,800

2. Subsequent to Balance Sheet date, Aaman Investment Limited, hitherto the Holding Company, has sold its entire holding in the company to Stratetybot Finance Pvt. Ltd. pursuant to an agreement dated 3rd December, 2008 further pursuant to intimation under Regulation 7 (1A) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, submitted to Ahmedabad Stock Exchange on 27th April, 2009 the Asman Investment Limited ceases to be holding company with effect from 27th April, 2009.

3. Particulars of Earning per Share

	2008-2009	2007-2008
Net Profit/(Loss) for the year	(202866)	(194345)
Number of equity shares	55, 00,000	55, 00,000
Nominal value of the share	10	10
Earning per Share	(0.04)	(0.04)

There is no change in the number of equity shares during the period.

4. In absence of virtual certainty the company has not recognized Deferred-tax Asset on carry forward Losses.

5. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below:

   (a) List of related parties with whom transactions have taken place during the year :

   Holding Company

   - Asman Investmants Limited

(b)	Transaction with related party	March 31, 2009	March 31, 2008
	Asman Investment Limited		
	Unsecured Loan		
	Taken during the year	195056	2,10,000
	Repaid during the year	676000	0
	Outstanding balances as at the end of the year.	56	4,81,000

6. There are no Micro, Small and Medium Enterprises to whom the Company owes dues which are outstanding for more than 45 days as at the Balance Sheet date. Further, the company has neither paid or payable any interest to any Micro, Small and Medium Enterprise on the Balance Sheet date.

   The above information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

7. In respect of amounts mentioned under section 205C of the Companies Act, 1956, there is no amount due and outstanding to be credited to the Investor Education and Protection Fund as on 31st March 2009.

8. In the opinion of the Directors, Current Assets, Loans and Advances have a value on realization in the ordinary course of business equal to the amount at which they are stated in the Balance Sheet.

9. Balance of sundry debtors, creditors, loans and advances and deposits are subject to confirmation.

10. Auditors' Remuneration is made up of:

Particulars	2008-2009 Rs.	2007-2008 Rs.
Audit Fees	13,236	13,483
Total :	13,236	13,483

11. In view of losses the company does not expect any Income-tax liability and therefore no provision is made.

12. Other information required in terms of Para 4C and 4D of part II of Schedule VI to the Companies Act, 1956, are not applicable to the company.

13. Previous Year Figures have been regrouped, rearranged and reclassified where ever applicable.

As per our attached report of even date

For G. K. CHOKSI & CO.
Chartered Accountants
SANDIP A. PARIKH
Partner

Place : Ahmedabad
Date : 7th May, 2009

For and on behalf of the Board

Bhupendra M. Shah	Jayesh K. Shah
Director	Director

Place : Ahmedabad
Date : 7th May, 2009

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details :

Registration No. U17120GJ1993PLCO49941

State Code 04

Balance Sheet Date ....31st March, 2009

II. Capital raised during the year :........................ (Amount in Rs. Thousands)

Public Issue ....—

Right Issue ....—

Bonus Issue ....—

Private Placement ....—

III. Position of mobilisation and deployment of funds : .... (Amount in Rs. Thousands)

Total Liabilities 65,481

Total Assets... 65,481

Sources of Funds : ....

Paid-up Capital... 55,000

Reserve and Surplus...9,831

Share Application Money ....—

Secured Loans..—

Unsecured Loans...650

Deferred Tax Liability..—

Application of Funds :

Net Fixed Assets..—

Investments...—

Net Current Assets...(25)

Miscellaneous Expenditure ....—

Accumulated Losses 65506

IV. Performance of Company : (Amount in Rs. Thousands)

Turnover and Other Income.. —

(+) Profit/(Loss) before tax..(203)

Earnings per Share (Rs.).. (0.04)

Total Expenditure 203

(+) Profit/(Loss) after tax ....(203)

Dividend Rate (%)...—

V. Generic names of three principal products, services of the company : (as per monetary terms)

Product/Service Description.. Not Applicable

Item Code No. ....—

For and on behalf of the Board

Bhupendra M. Shah
Director

Place : Ahmedabad
Date : 7th May, 2009

Jayesh K. Shah
Director

NOTE UNDER SUB-SECTION (1) OF SECTION 212

The Department of Company Affairs has, for the financial year 2008-09, exempted the Company from the applicability of the provisions of sub-section(1) of Section 212 of the Companies Act, 1956, relating to the statements to be attached in respect of the subsidiary companies, with the financial statements of the Company. As required by the above approval letter, the information in aggregate for each of the subsidiary Companies is furnished as under :

Shareholders interested in obtaining the statements of Company's interest in the subsidiaries or stand-alone financial statements of the subsidiaries may obtain it by writing it to the Company.

Information as required by letter dated 14th May,2009 by Department of Company Affairs granting Approval u/s 212 (8) of the Companies Act,1956

Sr. No.	Name of Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment	Turnover	Profit/ (Loss) before Taxation	Provision for Taxation	Profit/ (Loss) after Taxation	Proposed Dividend
		(a)	(b)	©	(d)	(e)	(f)	(g)	(h)	(I)	(j)
1	Arvind Products Limited	141.10	(65.84)	437.30	362.04	*	347.14	(22.93)	0.18	(23.11)	Nil
2	Asman Investments Limited	0.08	(8.33)	141.14	149.39	**	17.10	(18.11)	0.01	(18.12)	Nil
3	Arvind Worldwide Inc.	2.19	(1.03)	6.87	5.71	***	0.00	0.29	0.00	0.29	Nil
4	Arvind Worldwide (M) Inc.	23.87	(27.67)	1.88	5.68	***	0.13	(1.70)	0.00	(1.70)	Nil
5	Arvind Retail Limited	0.05	0.00	0.17	0.12	****	0.00	0.00	0.00	0.00	Nil
6	Arvind Lifestyle Brands Limited	0.05	0.04	0.16	0.07	***	0.00	0.02	0.01	0.01	Nil
7	Syntel Telecom Limited	0.05	(0.91)	0.29	1.15	***	0.00	(0.02)	0.00	(0.02)	Nil
8	Arvind Accel Linited	0.05	0.12	1.84	1.67	***	0.00	0.18	0.06	0.12	Nil
9	The Anup Engineering Limited	3.40	17.80	71.44	50.24	***	78.19	12.58	4.35	8.23	Nil

		Rs.in Crore
*	Fully paid Equity Shares (Quoted)	0.36
**	Not applicable being Investment Subsidiary.	
***	These Companies have no Investments.	
****	Fully paid Equity Shares (Un Quoted)	0.05

NOTES

NOTES

BOOK-POST

If undelivered, please return to:
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Near Asoka Mills, Naroda Road,
Ahmedabad - 380 025.