

ARVIND INTERNET LIMITED

(CIN : U72400GJ2013PLC074576)

**ANNUAL REPORT
2013 – 2014**

ARVIND INTERNET LIMITED

NOTICE

NOTICE is hereby given that the FIRST Annual General Meeting of the Members of ARVIND INTERNET LIMITED will be held on Tuesday, the 23rd September, 2014 at 11.00 a.m. at the Registered Office of the Company at Arvind Limited Premises, Naroda Road, Ahmedabad-380 025 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, 2014 and the Reports of the Directors and the Auditors thereon.
2. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board to fix their remuneration.

SPECIAL BUSINESS :

3. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Punit Lalbhai, who is appointed as an Additional Director of the Company by the Board of Directors held on 12th August, 2013 and who holds the office up to the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director u/s. 160 of the Companies Act, 2013, being eligible for appointment to the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.

4. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Kulin Lalbhai, who is appointed as an Additional Director of the Company by the Board of Directors held on 12th August, 2013 and who holds the office up to the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director u/s. 160 of the Companies Act, 2013, being eligible for appointment to the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.

5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Jayesh Shah, who is appointed as an Additional Director of the Company by the Board of Directors held on 12th August, 2013 and who holds the office up to the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director u/s. 160 of the Companies Act, 2013, being eligible for appointment to the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.

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

RESOLVED THAT consent of the Company be and is hereby accorded pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013 (hereinafter referred to as the "Act"), or any statutory modification or re-enactment thereof, to the Board of Directors, borrowing moneys (apart from temporary loans from time to time obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, as the Board may, from time to time deem necessary, provided that the sum or sums so borrowed and remaining outstanding at any one time shall not exceed in the aggregate Rs. 100 Crores (Rupees hundred crores only).

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

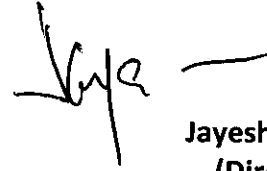
RESOLVED THAT the consent of the Company be and is hereby granted in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act 2013 (hereinafter referred to as the "Act"), or any statutory modification or re-enactment thereof, to the Board of Directors to mortgage and/or charge (by way of first, second or other subservient charge as may be agreed to between the Company and the lenders and/or Debenture Trustees), all the immovable and movable properties, present and future, pertaining to any one or more of the Company's Units and any other undertaking of the Company wheresoever situate and the whole or substantially the whole of any one or more of the said undertakings of the Company, with the right to take over the management and concern of the undertaking(s) whose properties are agreed to be mortgaged and/or charged in certain events, to or in favour of any Financial Institutions, Banks and other lending Institutions or Funds, Trustees for Debentures, to secure their respective Rupee and Foreign Currency Loans or other Financial Assistance lent, granted and advances or agreed to be lent, granted and advanced to the Company or the Debentures, Bonds or other financial instruments issued and allotted or as may be issued by the Company and subscribed to or agreed to be subscribed to by such Institutions/Banks/Funds, or any other persons, of such amount or amounts not exceeding Rs. 100 Crores in the aggregate on account of principal, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Trustees, costs, charges and other moneys payable by the Company to the respective Financial Institutions, Banks and other lending institutions and Debenture holders and/or Trustees under the Loan/Subscription Agreement(s) entered into/to be entered into by the Company in respect of the said Term Loans, Debentures or other financial instruments or assistance.

RESOLVED FURTHER that the Board of Directors of the Company including a Committee thereof, be and is hereby authorized to finalize with the Financial Institutions, Banks and other lending Institutions or Debenture Trustees, the documents for creating mortgage(s) and/or charge(s) as aforesaid and to do all acts, deeds and things in connection therewith and incidental thereto.

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
Arvind Limited Premises,
Naroda Road,
Ahmedabad-380 009
13th May, 2014

BY ORDER OF THE BOARD



**Jayesh K. Shah
(Director)**

Notes :

2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Sundays between 11.00 a.m. and 1.00 p.m., up to the date of the ensuing Annual General Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 3

The Board of Directors at their meeting held on 12th August, 2013 appointed Mr. Punit S. Lalbhai, as an Additional Director of the Company. The said appointment was in pursuance of the provisions of Section 260 of the Companies Act, 1956 and Article 44 of the Articles of the Association of the Company and accordingly the said Director holds office only upto the date of this Annual General Meeting. The Company has received notice in writing alongwith the necessary amount as a deposit from member proposing candidature of Director in accordance with the requirements of Section 160 of the Companies Act, 2013.

The Board commends the resolutions at item No. 3 for approval of members. Mr. Punit S. Lalbhai, may be deemed to be concerned or interested in the said resolution relating to his appointment. No other Directors are in any manner concerned or interested in the said resolution.

Item No. 4

The Board of Directors at their meeting held on 12th August, 2013 appointed Mr. Kulin S. Lalbhai, as an Additional Director of the Company. The said appointment was in pursuance of the provisions of Section 260 of the Companies Act, 1956 and Article 44 of the Articles of the Association of the Company and accordingly the said Director holds office only upto the date of this Annual General Meeting. The Company has received notice in writing alongwith the necessary amount as a deposit from member proposing candidature of Director in accordance with the requirements of Section 160 of the Companies Act, 2013.

The Board commends the resolutions at item No. 4 for approval of members. Mr. Kulin S. Lalbhai, may be deemed to be concerned or interested in the said resolution relating to his appointment. No other Directors are in any manner concerned or interested in the said resolution.

Item No. 5

The Board of Directors at their meeting held on 12th August, 2013 appointed Mr. Jayesh Shah, as an Additional Director of the Company. The said appointment was in pursuance of the provisions of Section 260 of the Companies Act, 1956 and Article 44 of the Articles of the Association of the Company and accordingly the said Director holds office only upto the date of this Annual General Meeting. The Company has received notice in writing alongwith the necessary amount as a deposit from member proposing candidature of Director in accordance with the requirements of Section 160 of the Companies Act, 2013.

The Board commends the resolutions at item No. 5 for approval of members. Mr. Jayesh Shah, may be deemed to be concerned or interested in the said resolution relating to his appointment. No other Directors are in any manner concerned or interested in the said resolution.

Item No. 6

The Chairman informed that pursuant to the Section 180(1)(c) of the Companies Act, 2013 (the 'Act'), since notified, requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 6 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs. 100 Crores (Rupees hundred crores) i.e. in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors, Key Managerial Personnel of the Company, and/ or their relatives may be deemed to be concerned or interested in the proposed resolution.

Item No. 7

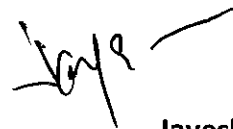
The Chairman informed that pursuant to the Section 180(1)(a) of the Companies Act, 2013 (the 'Act'), since notified, requires that the Board of Directors of the company shall not create mortgage and/or charge on the immovable and movable properties of the Company, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(a) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 7 of the Notice, to enable to the Board of Directors to create mortgage and/or charge on the immovable and movable properties of the Company in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to create mortgage and/or charge on the immovable and movable properties of the Company upto Rs. 100 Crores (Rupees hundred crores) i.e. in excess of the aggregate of the paid up share capital and free reserves of the Company. The resolution is accordingly recommended for approval as a Special Resolution under the Act.

None of the Directors, Key Managerial Personnel of the Company, and/ or their relatives may be deemed to be concerned or interested in the proposed resolution.

Registered Office
Arvind Limited Premises,
Naroda Road,
Ahmedabad-380 009
13th May, 2014

BY ORDER OF THE BOARD



Jayesh K. Shah
(Director)

ARVIND INTERNET LIMITED
Arvind Limited Premises, Naroda Road, Ahmedabad-380 025

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the First Annual Report together with the Audited Financial Statements of the Company for the year ended on 31st March, 2014.

1. Financial Results :

The Company has not carried out any activities during the period from 18.04.2013 to 31.03.2014.

2. Dividend :

The Company has not carried out any activities; therefore, your directors do not recommend any dividend for the year.

3. Deposit :

The Company has not accepted any Deposits under the Companies Acceptance of Deposits Rules, 1975.

4. Directors :

During the year under review, Mr. Ramnik V. Bhimani and Mr. Devanshu S. Desai have resigned from the Directorship of the Company.

Mr. Punit S. Lalbhai, Mr. Kulin S. Lalbhai, and Mr. Jayesh K. Shah have been appointed by the Board as an Additional Directors at the meeting of the Board of Directors held on 12th August, 2013 and holds the office upto the date of this ensuing Annual General Meeting. The Company has received notices in writing Under Section 152 of the Companies Act, 2013 from a member proposing their candidature as Directors.

5. 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 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 and 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, 2014 have been prepared on a going concern basis.

6. Particulars of Employees :

The Company does not have any employee covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

7. Information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo :

Information in accordance with the Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption are not being given as the Company has not undertaken any manufacturing activity.

There were no foreign exchange earning or outgo during the period under review.

8. Auditors :

The Company's Auditors M/s. Sorab S. Engineer & Co., Chartered Accountants, Ahmedabad, retires and offer themselves for reappointment. It is proposed that M/s. Sorab S. Engineer & Co., Chartered Accountants be reappointed as auditors of the Company. You are requested to appoint Auditors and to fix their remuneration.

9. Acknowledgements :

Your Directors wish to convey their deep sense of gratitude to all associated with it for the support extended by them and also look forward to their continued co-operation in future.

FOR AND ON BEHALF OF THE BOARD

Date : 13.05.2014
Place : Ahmedabad

Sd/ Jayesh K. Shah Director	Sd/ Kulin S. Lalbhai Director
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INDEPENDENT AUDITOR'S REPORT

To the Members of Arvind Internet Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Arvind Internet Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

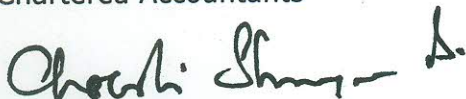
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. 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;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Sorab S. Engineer & Co.**
Firm's Registration Number 110417W
Chartered Accountants



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
Date : 13-05-2014

SORAB S. ENGINEER & CO. (Regd.)
ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Re: Arvind Internet Limited

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified by the management during the year in accordance with a regular program 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) No substantial part of fixed assets has been disposed off during the year.
- (ii) (a) The stocks of inventory have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of stock 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 Inventories. No discrepancy was noticed on verification between the physical properties and the book records.
- (iii) The Company has not granted / taken any loan 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 inventories, 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 needs 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) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA or any other relevant provisions of the Act and rules framed there under.
- (vii) The requirement of clause (vii) of paragraph 4 of the order is not applicable to the Company.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's product. Consequently, requirement of clause (viii) of paragraph 4 of the order is not applicable.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Service Tax and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable as at March 31, 2014 for a period of more than six months from the date they became payable.



SORAB S. ENGINEER & CO. (Regd.)

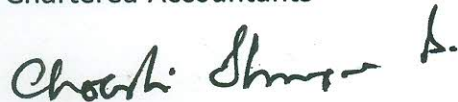
(c) According to the information and explanations given to us, there are no disputed amounts outstanding as at March 31, 2014.

- (x) Since Company has not completed five years of incorporation, the clause 4(iii)(x) is not applicable
- (xi) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or financial institutions.
- (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) 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, the Company has not given any guarantee for loans taken by others from bank or financial Institutions.
- (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) As the Company has not obtained any short term loan, the requirement of clause (xvii) of paragraph 4 of the order is not applicable.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to persons covered in the register maintained under section 301 of the Act during the year.
- (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.

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

Firm's Registration Number 110417W

Chartered Accountants



CA. Chokshi Shreyas B.

Partner

Membership Number 100892

Ahmedabad

Date 13-05-2014

ARVIND INTERNET LIMITED

Balance Sheet

Amount in Rs.

	Note	As at
		March 31, 2014
Equity and Liabilities		
Shareholders' funds		
Share Capital	3	500,000
Reserves and Surplus	4	(15,492,740)
Non-current liabilities		
Long Term Borrowings	5	628,946
Long Term Provisions	6	433,480
Other Long Term Liabilities	-	-
Deferred Tax Liability (Net)	7	125,017
Current liabilities		
Short Term Borrowings	-	-
Trade Payables	8	4,499,469
Other Current Liabilities	9	65,125,441
Short Term Provisions	6	64,365
Total		55,883,978
Assets		
Non-current assets		
Fixed Assets		
Tangible Assets	10	7,694,082
Intangible Assets	11	526,636
Intangible Assets Under Development		26,810,929
Non Current Investments		-
Long Term Loans and Advances	12	11,799,060
Other Non Current Assets	-	-
Current assets		
Inventories	13	4,508,826
Trade Receivables	-	-
Cash and Bank Balances	14	2,077,543
Short Term Loans and Advances	12	2,466,902
Other Current Assets	-	-
Total		55,883,978
Significant Accounting Policies	2	

The accompanying notes are an integral part of the financial statements.

As per our Report of even date
For Sorab S. Engineer & Co.
 Firm Registration No. 110417W
 Chartered Accountants

Chokshi Shreyas B.

CA Chokshi Shreyas B.
 Partner
 Membership No. 100892
 May 13, 2014
 Ahmedabad

JKS
 Director

KSL
 Director

ARVIND INTERNET LIMITED

Statement of Profit and Loss from 18th April 2013 to 31st March, 2014

	Note	Amount in Rs.
		Year ended March 31, 2014
Revenues:		-
Expenses:		
Employee benefits expense	15	8,623,822
Finance costs	16	8,597
Depreciation and amortization expense	17	886,387
Other expenses	18	5,848,917
Total expenses		15,367,723
Profit/(Loss) before exceptional and extraordinary items and tax		(15,367,723)
Exceptional items		-
Profit/(Loss) before extraordinary items and tax		(15,367,723)
Extraordinary Items		-
Profit/(Loss) before tax		(15,367,723)
Tax expense:		
Current Tax		-
Deferred tax		125,017
Profit/(Loss) for the year		(15,492,740)
Earnings per equity share		
(Nominal Value per Share Rs. 10/-)	22	
Basic and Diluted		(443.37)
Significant Accounting Policies	2	

The accompanying notes are an integral part of the financial statements.

As per our Report of even date
For Sorab S. Engineer & Co.
 Firm Registration No. 110417W
 Chartered Accountants

Chokshi Shreyas B.

CA Chokshi Shreyas B.
 Partner
 Membership No. 100892
 May 13, 2014
 Ahmedabad

JCS

Director

JCS

KSL

Director

ARVIND INTERNET LIMITED

Cash Flow Statement

	Year ended	
	March 31, 2014	
A Cash Flow From Operating Activities		
Profit/(Loss) Before taxation		(15,367,723)
Adjustments for:		
Depreciation /Amortization	886,387	
Interest Expenses	8,597	
Provision for Retirement Benefits	497,845	
		1,392,829
Operating Profit before Working Capital Changes		(13,974,894)
Working Capital Changes:		
Changes in Inventories	(4,508,826)	
Changes in trade payables	4,499,469	
Changes in other current liabilities	5,143,291	
Changes in Short term loans and advances	(2,346,904)	
Net Changes in Working Capital		2,787,030
Net Cash flow from Operating Activities		(11,187,864)
B Cash Flow from Investing Activities		
Purchase of tangible/intangible assets	(35,918,034)	
Changes in Capital Advances	(11,799,060)	
Changes in Loans to Employees	(119,998)	
Net cash flow from Investing Activities		(47,837,092)
C Cash Flow from Financing Activities		
Issue of Equity Shares	500,000	
Changes in long term Borrowings	804,060	
Application Money	59,800,000	
Interest	(1,561)	
Net Cash flow from Financing Activities		61,102,499
Net Increase/(Decrease) in cash & cash equivalents		2,077,543
Cash & Cash equivalents at the beginning of the period		-
Cash & Cash equivalents at the end of the period		2,077,543

a

Particulars	Year ended	
	March 31, 2014	
Cash and cash equivalents comprise of: (Note 14)		
Cash on Hand		-
Balances with Banks		2,077,543
Total		2,077,543

As per our report of even date attached
For **Sorab S. Engineer & Co.**

Firm Registration No. 110417W
Chartered Accountants

CA. Chokshi Shreyas B.
Partner

Membership No. 100892
May 13, 2014
Ahmedabad


 Director
 SKS


 Director
 KSL

Arvind Internet Limited

Notes to the financial statements

1. COMPANY BACKGROUND

Arvind Internet Limited ("the Company") is subsidiary of Arvind Limited. The Company is setting up a project of an in house development of customised clothing website loaded with pre-designed clothing pattern, where customer will be able to design garments, visualise the look of the garments and place the orders with their measurement. This will be the source of orders from customers.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company follows the accrual method of accounting. The financial statements have been prepared in accordance with the historical cost convention and accounting principles generally accepted in India and the provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

(B) USE OF ESTIMATES

The preparation of financial Statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent 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 are prudent and reasonable. Future results could differ from these estimates.

(C) INFLATION

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

(D) VALUATION OF INVENTORY

The inventory of raw material has been valued at the lower of cost and net realizable value. The cost has been measured on the average cost basis.

Inventories of accessories are valued at cost.

(E) FIXED ASSETS

Tangible Assets

The Fixed Assets are stated at their original cost of acquisition. Cost comprises of all costs incurred to bring the assets to their Location and working Condition.

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

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Arvind Internet Limited

(H) 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.

(I) 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.

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Arvind Internet Limited

Depreciation on Fixed Assets is provided, pro rata for the period of use, on Written Down Value Method (WDV), 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:

Office Equipments: 15%

Individual assets costing less than Rs. 5,000/- have been fully depreciated in the year of purchase.

Intangible Assets

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its value/cost can be reliably measured.

The Company capitalizes software and related implementation costs where it is reasonably estimated that the software has an enduring useful life.

Software is amorised over a period of 2.5 years.

Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under intangible asset under development, pending capitalization.

(F) EMPLOYEE BENEFITS

The Company has Unfunded Defined Benefit Plan namely Gratuity for 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. The actuarial valuation is done based on Projected Unit Credit Method.

The liability for leave encashment payable to employees is determined and provided on the basis of actuarial valuation.

In respect of Provident Fund, the contribution is charged to revenue and paid to the Government.

(G) LEASE ACCOUNTING

Lease Rentals for assets acquired under operating lease are recognised as an expense in Statement of Profit and Loss on a straight line basis over the lease term.

(J) TAXES ON INCOME

Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year that originates in one period and is 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.

Deferred tax asset is 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 asset can be realized.



ARVIND INTERNET LIMITED

3	Share Capital	Amount in Rs.	
		As at	
		March 31, 2014	
	Authorised 50,000 Equity Shares Par Value of Rs.10/- per share		500,000
		500,000	
	Issued 50,000 Equity Shares Par Value of Rs.10/- per share		500,000
		500,000	
	Subscribed and fully paid up 50,000 Equity Shares Par Value of Rs.10/- per share fully paid up		500,000
	Total		500,000

a Reconciliation of Number of Equity Shares

Particulars	As At	
	March 31, 2014	
	No. of Shares	Amount in Rs.
Shares issued during the year	50,000	500,000
Balance at the end of the year	50,000	500,000

b Rights, Preferences and Restrictions attached to Shares

Equity Shares:

The Company has one class of shares referred to as equity shares having a par value of Rs. 10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c Shares held by Holding Company

Particulars	As at
	March 31, 2014
Holding Company - Arvind Limited	50,000

d Details of Shares held by Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at
	March 31, 2014
Holding Company - Arvind Limited	50,000 100%

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ARVIND INTERNET LIMITED

4	Reserves and Surplus	Amount in Rs.
		As at
		March 31, 2014
Surplus in Statement of Profit and Loss		
Loss for the year		(15,492,740)
Balance at the end of the year		(15,492,740)
Total		(15,492,740)

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5	Long Term Borrowings	Amount in Rs.	
		Non- Current Portion	Current Maturities
		As at March 31, 2014	As at March 31, 2014

Secured			
Term Loans :			
From Banks	628,946	175,114	
Amount disclosed under the head "Other Current Liabilities" (Note 9)	628,946	175,114	
Total	628,946	-	

a Nature of Security

Hire Purchase Loan from Banks are secured by hypothecation of related vehicles.

b Rate of Interest and Terms of Repayment

Particulars	Amount in Rs.	Rate of Interest (%)	Terms of Repayment from
Term Loan From Banks	8,04,060	10.75%	Monthly payment of Equated Monthly Installments beginning from the month subsequent to taking the loans

6	Provision	Amount in Rs.	
		Long Term	Short Term
		As at March 31, 2014	As at March 31, 2014

Provision for employee benefits	433,480	64,365
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ARVIND INTERNET LIMITED

7	Deferred Tax Liability (Net)	Amount in Rs.
		As at
		March 31, 2014

Deferred Tax Liability		
Depreciation		278,851
	Total (a)	278,851
Deferred Tax Asset		
Expenses allowed on Payment Basis		153,834
	Total (b)	153,834
Net Deferred Tax Liability (a-b)		125,017

8	Trade Payables	Amount in Rs.
		As at
		March 31, 2014

Sundry Creditors (Note a)	4,499,469
Total	4,499,469

- a** The Company has not received any intimation on suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Small Enterprise 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; and
- (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 said act.

9	Other Current Liabilities	Amount in Rs.
		As at
		March 31, 2014

Current maturities of long-term borrowings (Note 5)	175,114
Interest accrued but not due on borrowings	7,036
Payable for Employee Dues	3,274,166
Statutory dues including Provident Fund and Tax deducted at Source	1,477,811
Payable in respect of Capital Goods	391,314
Share Application Money pending allotment (Note a)	59,800,000
Total	65,125,441

- a** Share Application money pending Allotment represents application received from Holding Company
 - Arvind Limited which comprises of 5,980,000 Equity shares of face value Rs. 10 each fully paid up proposed to be issued.

Equity shares are expected to be allotted against the share application money up to 30th, June, 2014. The Company is in the process of increasing authorised capital to cover the share capital amount on allotment of above shares.

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ARVIND INTERNET LIMITED

10 Tangible Assets

Particulars	Gross Block				Depreciation		Net Block	
	Additions	Disposals	As on 31.03.2014	For the year	Deductions	As on 31.03.2014	As on	
							31.03.2014	31.03.2014
Own Assets								
Computers	4,546,517	-	4,546,517	503,498	-	503,498	4,043,019	
Furniture and Fixtures	1,256,425	-	1,256,425	366,503	-	366,503	889,922	
Office Equipments	851,912	-	851,912	98,339	-	98,339	753,573	
Photo Studio Equipment	318,680	-	318,680	24,603	-	24,603	294,077	
Vehicles	1,837,525	-	1,837,525	124,034	-	124,034	1,713,491	
Total	8,811,059	-	8,811,059	1,116,977	-	1,116,977	7,694,082	

11 Intangible Assets

Particular	Gross Block		Amortization		Net Block	
	Additions	Disposals	As on 31.03.2014	For the year	Deductions	As on 31.03.2014
Software	571,000	-	571,000	44,364	-	526,636
Total	571,000	-	571,000	44,364	-	526,636

Note

a Intangible Assets Under Development includes depreciation of Rs 230,590 and amortisation of Rs 44,364 capitalised during the year.

ARVIND INTERNET LIMITED

Amount in Rs.

12	Loans and Advances (Unsecured, Considered good unless otherwise stated)	Long Term	Short Term
		As at	As at
		March 31, 2014	March 31, 2014
	Capital Advances	11,799,060	-
	Prepaid Expenses	-	629,026
	Loan to Employee	-	119,998
	Advances recoverable in cash or kind or value to be received		1,717,878
	Total	11,799,060	2,466,902

13	Inventories	Amount in Rs.
		As at
		March 31, 2014
	Raw Materials	
	Fabric	4,204,991
	Accessories	303,835
	Total	4,508,826

14	Cash and Bank Balances	Amount in Rs.
		Current
		As At
		March 31, 2014
	Cash and Cash Equivalents:	
	Cash on Hand	-
	Balances with Banks	
	In Current Account	2,077,543
	Total	2,077,543

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ARVIND INTERNET LIMITED**15 Employee Benefits Expense**

	Amount in Rs.
	Year ended
	March 31, 2014
Salaries and Wages	7,089,065
Contribution to Provident Fund and Other Funds	612,314
Staff Welfare Expenses	800,062
Stipend	122,381
Total	8,623,822

Disclosure as required by Accounting Standard on Employee Benefits (AS 15 Revised 2005)

(i) Defined Contribution Plans

The Company has recognised the following amounts in the Financial Statements for Defined Contribution Plans:

	Amount in Rs.
	Year ended
	March 31, 2014
Provident Fund	100,970

(ii) State Plans

The Company has recognised the following amounts in the Financial Statements for Contribution to State Plans:

	Amount in Rs.
	Year ended
	March 31, 2014
Employee's Pension Scheme	69,267

(iii) Defined Benefit Plans**(a) Leave Encashment/Compensated Absences**

Salaries and Wages includes Rs. 351,245 towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

ARVIND INTERNET LIMITED**(b) Contribution to Gratuity Funds**

The details of the Company's Gratuity Liability (Unfunded) for its employees are given below which is certified by the actuary and relied upon by the auditors:

	Amount in Rs.
	Year ended
	March 31, 2014
Change in the Benefit Obligations :	
Liability at the beginning of the year	-
Interest Cost	-
Current Service Cost	146,601
Benefits Paid	-
Actuarial Loss/(Gain)	-
Liability at the end of the year	146,601
Amount Recognized in the Balance Sheet :	
Liability at the end of the year	146,601
Fair Value of Plan Assets at the end of the year	-
Amount recognized in the Balance Sheet under "Provision for Employee Benefits "	146,601
Expense Recognized in Statement of Profit and Loss :	
Interest Cost	-
Current Service Cost	146,601
Expected Return on Plan Assets	-
Net Actuarial loss/(gain) to be recognized	-
Expense recognized in Statement of Profit and Loss under "Employee Benefit Expense"	146,601
Reconciliation of the Liability Recognized in the Balance Sheet :	
Opening Net Liability	-
Expense Recognized	146,601
Contribution by the Company	-
Amount recognized in the Balance Sheet under "Provision for Employee Benefits "	146,601

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:

	Year ended
	March 31, 2014
Discount Rate (%)	9.12%

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ARVIND INTERNET LIMITED**16 Finance Costs**

	Amount in Rs.
	Year ended
	March 31, 2014
Interest	
On Term Loans	7,036
Other Interest	1,561
Total	8,597

17 Depreciation / Amortization Expense

	Amount in Rs.
	Year ended
	March 31, 2014
Depreciation on Tangible assets (Refer Note 11-a)	886,387
Amortisation on Intangible assets (Refer Note 11-a)	-
Total	886,387

18 Other Expenses

	Amount in Rs.
	Year ended
	March 31, 2014
Power and fuel	91,425
Sampling and Testing Expenses	237,840
Advertisement and Publicity	78,662
Legal and Professional Fees	88,428
Printing, Stationary & Communication	564,907
Office Rent	2,366,112
Commission and Brokerage	196,000
Rates and taxes	6,461
Conveyance and Travelling Expenses	823,810
Books and periodicals	1,600
Repairs to Others	118,083
Freight, Insurance and Clearing Charges	9,105
Housekeeping Charges	77,943
Security Charges	76,263
Sales/Business Promotion	33,727
Postage charges	400
Payments to the auditor for Audit Fees	25,000
Bank charges	562
Subscription charges	239,808
Service tax expenses	234,141
Recruitment Expense	578,640
Total	5,848,917

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ARVIND INTERNET LIMITED

19	Capital and Other Commitments	Amount in Rs.
		As at
		March 31, 2014
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for		4,880,773
Other Commitments		-

20 Lease Rent:

Rent expense includes lease rental payments towards office premises. Such lease agreements is entered for a period of 60 months with the option of renewal against increased rent.

The particulars of non-cancellable operating leases are as follows:

	Amount in Rs.
	Year ended
	March 31, 2014
Future Minimum lease payments obligation on non-cancellable operating leases :	
Not later than one year	4,480,089
Later than one year and not later than five years	357,849
Later than five years	-
Lease Payment recognised in the Statement of Profit and Loss	2,366,112

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ARVIND INTERNET LIMITED**21 Segment Reporting:**

The Company is primarily engaged in the business of e-commerce, which in the context of Accounting Standard 17 on 'Segment Reporting' constitutes a single reportable primary business segment.

Secondary Segment (Geographical by Customers):

Amount in Rs.
Year ended
March 31, 2014

Segment Revenue	
a) In India	-
b) Outside India	-
Total Sales	-
Carrying Cost of Assets by location of Assets	
a) In India	55,883,978
b) Outside India	-
Total	55,883,978
Addition to Assets	
a) In India	36,192,988
b) Outside India	-
Total	36,192,988

22 Earning Per Share (EPS):

		Amount in Rs.
		Year ended
		March 31, 2014
Profit/(Loss) available to Equity Shareholder	Rs.	(15,492,740)
Weighted average no. of Equity Shares for Basic/Diluted EPS	No.	34,943
Nominal value of Equity Shares	Rs.	10
Basic / Diluted Earning per Equity Share	Rs.	(443.37)

(A) Weighted average number of Equity Shares

	Year ended
	March 31, 2014
No. of Shares for Basic EPS	50,000
Weighted average number of shares issued during the year	34,943
Weighted average number of shares considered for calculating EPS	34,943

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ARVIND INTERNET LIMITED

23 Related Party Disclosures:

As per the Accounting Standard on "Related Party Disclosures" (AS 18) the related parties of the Company are as follows:

a List of Related Parties and Nature of Relationship:

Arvind Limited	Holding Company
Arvind Brands and Retail Limited	Fellow Subsidiary
Arvind Goodhill Suit Manufacturing Private Limited	Joint Venture Subsidiary of Holding Company
Kulin Lalbhai	Director
Punit Lalbhai	Director
Jayesh K Shah	Director

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

b Transactions and Balances :

Particulars	Holding Company, Fellow Subsidiary and Joint Venture Subsidiary of Holding Companies
Transactions	
Purchase of Goods	168,347
Other Expenses	3,781,904
Issue of Equity Shares	500,000
Application Money Received	59,800,000
Balances as at year end	
Payable in respect of Current Liabilities	38,979

c Related Party Transactions :

Nature of Transactions	Amount in Rs.
	Year ended
	March 31, 2014
Purchase of Goods	
Arvind Goodhill Suit Manufacturing Private Limited	5,775
Arvind Lifestyle Brands Limited	162,572
Other Expenses	
Arvind Goodhill Suit Manufacturing Private Limited	33,000
Arvind Lifestyle Brands Limited	3,748,904
Issue of Equity Shares	
Arvind Limited	500,000
Application Money Received	
Arvind Limited	59,800,000
Payable in respect of Current Liabilities	
Arvind Limited	864
Arvind Goodhill Suit Manufacturing Private Limited	38,115
Arvind Lifestyle Brands Limited	876,159

24 In the opinion of the Board, all assets other than fixed assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated except for reconciliation adjustments in respect of some of the payables and receivables.

As per our Report of even date

For Sorab S. Engineer & Co.
Firm Registration No. 110417W
Chartered Accountants

Chokshi Shreyas B.

CA Chokshi Shreyas B.
Partner
Membership No. 100892
May 13, 2014
Ahmedabad

Jayesh K Shah
Director
JKS

Chokshi Shreyas B.
Director
KSL