

**ARVIND RETAIL LIMITED**  
(Formerly known as Aakar Foundationwear Limited)

**Regd. Office:** ARVIND MILLS PREMISES, NARODA ROAD,  
RAILWAYPURA POST AHMEDABAD – 380 025

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**NOTICE** is hereby given that the Third Annual General Meeting of the Members of Arvind Retail Limited (Formerly known as Aakar Foundationwear Limited) will be held on Friday, the 24<sup>th</sup> September, 2010 at 11.00 a.m at the Registered Office of the Company at Arvind Mills Premises, Naroda Road, Railwaypura Post, Ahmedabad – 380 025 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2010 and the Report of the Directors and the Auditors thereon.
2. To declare dividends.
3. To appoint Auditors to hold office from the conclusion of the ensuing Annual General Meeting up to the conclusion of the next Annual General Meeting and to fix their remuneration.

M/s. Sorab S. Engineer & Co., Chartered Accountants, Mumbai, Statutory Auditors of the Company retire at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment.

**SPECIAL BUSINESS:**

4. To appoint Mr. Sanjay S. Lalbhai as Director of the Company who was appointed as an additional Director of the Company on 31<sup>st</sup> October 2009.
5. To appoint Mr. Jayesh K. Shah as Director of the Company who was appointed as an additional Director of the Company on 31<sup>st</sup> October 2009.
6. To appoint Mr. Munesh Khanna as Director of the Company who was appointed as an additional Director of the Company on 31<sup>st</sup> October 2009.

A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON POLL VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS PRIOR TO THE TIME FOR HOLDING THE AFORESAID MEETING.

***By order of the Board***

For **ARVIND RETAIL LIMITED**

**SD/-**

Jayesh K. Shah

**Director**

**Place: Ahmedabad**

**Date : 29<sup>th</sup> May 2010**

**ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT U/S 173(2) OF THE COMPANIES ACT, 1956.**

**ITEM NO. 4**

Mr. Sanjay S. Lalbhai, appointed as additional director u/s 260 of the Companies Act at the Board Meeting held on 31<sup>st</sup> October 2009 shall retire at the ensuing Annual General Meeting. He has expressed his willingness to be appointed as the director of the Company.

The Board recommends appointment of Mr. Sanjay S. Lalbhai as the director of the Company.

**ITEM NO. 5**

Mr. Jayesh K. Shah, appointed as additional director u/s 260 of the Companies Act at the Board Meeting held on 31<sup>st</sup> October 2009 shall retire at the ensuing Annual General Meeting. He has expressed his willingness to be appointed as the director of the Company.

The Board recommends appointment of Mr. Jayesh K. Shah as the director of the Company.

**ITEM NO. 6**

Mr. Munesh Khanna, appointed as additional director u/s 260 of the Companies Act at the Board Meeting held on 31<sup>st</sup> October 2009 shall retire at the ensuing Annual General Meeting. He has expressed his willingness to be appointed as the director of the Company.

The Board recommends appointment of Mr. Munesh Khanna as the director of the Company.

***By order of the Board***

For **ARVIND RETAIL LIMITED**

**SD/-**

Jayesh K. Shah

**Director**

**Place: Ahmedabad**

**Date : 29<sup>th</sup> May 2010**

**ARVIND RETAIL LIMITED**  
(Formerly known as Aakar Foundationwear Limited)

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*DIRECTORS REPORT*

To,  
The Members,

Your Directors have pleasure in presenting the Third Directors Report of the Company together with the audited accounts for the period ended 31<sup>st</sup> March 2010.

**FINANCIAL RESULTS**

Particulars	For the period ended 31 <sup>st</sup> March 2010 (Amount in rupees)	For the period ended 31 <sup>st</sup> March 2009 (Amount in rupees thousands)
Sales & Services	2,813,413,672	-
Other Income	21,483,705	-
Total Income	2,834,897,377	-
Profit/Loss before interest and depreciation	125,397,682	-
Interest	21,867,104	-
Profit before depreciation	103,530,578	-
Depreciation/Amortization	72,730,826	-
Profit/(Loss) before tax	30,799,752	-
Tax	10,798,849	-
Profit/(Loss) after Tax	20,000,903	-
Profit /(Loss) after tax carried over to Balance Sheet	20,000,903	-
Proposed Dividend	-	-

## **OPERATIONS**

Your Company has posted a sales turnover of Rs. 2,813,413,672 Thousands during the year under review. The operating profit before interest and depreciation stands at Rs. 125,397,682.

## **DIVIDEND**

With a view to conserve the resources, Directors decided not to declare any dividend for the year under review.

## **DIRECTOR**

Mr. Sanjay S. Lalbhai, Mr. Jayesh K. Shah and Mr. Munesh Khanna, all three appointed as additional director in the Board Meeting held on 31<sup>st</sup> October 2009 retires as required under Section 262 of the Companies Act, 1956 , but being eligible offers themselves being appointed as the directors of the Company.

## **PERSONNEL**

The Statement of Particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is NIL.

## **FIXED DEPOSITS**

The Company has not accepted any deposits from the public during the period.

## **INFORMATION AS PER 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**

### **A. Conservation of Energy**

The energy consumption is insignificant so as to take steps for the conservation of energy.

### **B. Research and Development and Technology Absorption**

#### **a. Research and Development**

The Company has not undertaken any research and development work.

#### **b. Absorption of Technology**

The Company has not absorbed any technology.

**C. Foreign Exchange Earning and Outgo:**

During the period under reference, the Company has incurred the following :

Expenditure – Rs 8,338,104/-  
Income – NIL

**AUDITORS**

The Auditors of the Company, M/s Sorab, S. Engineer, Chartered Accountants retire at the conclusion of the Third Annual General Meeting and are eligible for re-appointment. The Company has received a certificate from them to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

**DIRECTORS RESPONSIBILITY STATEMENT**

The Directors hereby make the following Responsibility Statement as required by the Companies (Amendment) Act, 2000:

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed;
2. that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that 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 of the loss of the company for that period;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Annual Accounts have been prepared on a going concern basis.

**ACKNOWLEDGEMENT**

The Directors wish to place on record their thanks for the continued support received from the Customers, Employees and the Bankers of the Company.

For and on behalf of the Board

SD/-  
Sanjay S. Lalbhai  
Director

SD/-  
Jayesh K. Shah  
Director

Place: Ahmedabad  
Date: 29<sup>th</sup> May 2010



TELEPHONE : 2658 4304  
FAX : (079) 2658 9710  
EMAIL : sseahm@hotmail.com  
contact@sorabsengineer.com  
WEB : www.sorabsengineer.com

909, ATMA HOUSE,  
OPP. RESERVE BANK OF INDIA,  
ASHRAM ROAD,  
AHMEDABAD-380 009.

## AUDITORS' REPORT

### TO THE MEMBERS OF ARVIND RETAIL LIMITED

1. We have audited the attached Balance Sheet of **ARVIND RETAIL LIMITED** ("the Company"), as at March 31, 2010, 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. 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;




**SORAB S. ENGINEER & CO.**

- v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 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 together with notes thereon 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 31<sup>st</sup> March, 2010;
- (b) In the case of the Profit and Loss Account, of the profit 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.

Ahmedabad  
May 29, 2010

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

  
**CA. Chokshi Shreyas B.**  
Partner  
Membership No. 100892

# **SORAB S. ENGINEER & CO.**

## **ANNEXURE TO THE AUDITORS' REPORT**

### **Re: ARVIND RETAIL 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 not accepted any public deposits.
- (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.

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## SORAB S. ENGINEER & CO.

(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, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

Further since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(b) There are no undisputed amounts outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.

There are no amounts which have not been deposited as on March 31, 2010 on account of any dispute.

(x) The Company has not been registered for a period not less than five years. Consequently, the provisions of clause (x) of paragraph 4 of the order are not applicable.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.

(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. Consequently, 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. Consequently, 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 Company has not given any guarantee for loans taken by others from banks or financial institutions. Consequently, the provisions of clause (xv) of paragraph 4 of the order are not applicable.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loan during the year under audit. Consequently, the provisions of clause (xvi) of paragraph 4 of the order are not applicable.

(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.

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**SORAB S. ENGINEER & CO.**

- (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.

Ahmedabad  
May 29, 2010

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

*Chokshi Shreyas B.*

**CA. Chokshi Shreyas B.**  
Partner  
Membership No. 100892

## BALANCE SHEET AS AT 31st MARCH 2010

(Amount in Rs)

PARTICULARS	SCH	31-Mar-10	31-Mar-09
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	1	200,500,000	500,000
Reserves and Surplus	2	320,000,903	-
		<b>520,500,903</b>	<b>500,000</b>
<b>LOAN FUNDS</b>			
Secured Loans	3	353,067,885	-
Unsecured Loans	4	212,747,250	-
		<b>565,815,135</b>	-
<b>DEFERRED TAX LIABILITY</b> (Note No. 17)		<b>5,564,431</b>	-
<b>TOTAL</b>		<b>1,091,880,469</b>	<b>500,000</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	950,239,787	-
Less: Depreciation/Amortisation		72,730,826	-
Net Block		<b>877,508,961</b>	-
Capital work in progress (including Capital Advance)		8,875,007	46,320
		<b>886,383,968</b>	<b>46,320</b>
<b>INVESTMENTS</b>			
	6	-	503,000
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	955,049,816	-
Sundry Debtors	8	11,921,284	-
Cash and Bank Balances	9	19,330,314	14,308
Loans and Advances	10	221,370,620	-
		<b>1,207,672,034</b>	<b>14,308</b>
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	11	995,897,923	1,189,000
Provisions		6,277,610	-
		<b>1,002,175,533</b>	<b>1,189,000</b>
Net Current Assets		<b>205,496,501</b>	<b>(1,174,692)</b>
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off)		-	-
Preliminary Expenses		-	1,125,372
<b>NOTES FORMING PART OF ACCOUNTS</b>			
	18	-	-
<b>TOTAL</b>		<b>1,091,880,469</b>	<b>500,000</b>

As per our report attached  
For Sorab S. Engineer & Co.  
Firm Registration No. 110417W  
Chartered Accountants

*Chokshi Shreyas B.*  
CA. Chokshi Shreyas B.  
Partner  
Ahmedabad, May 29, 2010

*SSC* *GL*  
Director

*Jayesh*  
Director

(Amount in Rs)

PARTICULARS	SCH	2009-10	2008-09
<b>INCOME :</b>			
<b>Retail Turnover</b>			
Own Merchandise ( Including concession sales)		2,848,078,258	-
Consignment merchandise		195,539,250	-
Other Retail Operating Income	12	80,590,174	-
		3,124,207,682	-
Less : Value added Tax		127,946,526	-
Less : Cost of Consignment Merchandise		182,847,484	-
		2,813,413,672	-
Other Income	13	21,483,705	-
		<b>2,834,897,377</b>	-
<b>EXPENDITURE:</b>			
Cost of Goods Sold	14	1,744,753,051	-
Employee Cost	15	206,930,518	-
Operating and Administrative Expenses	16	757,816,126	-
Interest and Finance Charges	17	21,867,104	-
Depreciation and Amortisation	5	72,730,826	-
		<b>30,799,752</b>	-
<b>PROFIT BEFORE TAX</b>			
<b>Tax charges</b>			
Current Tax		5,234,418	-
Deferred Tax		5,564,431	-
		<b>20,000,903</b>	-
<b>NET PROFIT AFTER TAX</b>			
<b>BALANCE AS PER LAST BALANCE SHEET</b>			
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>20,000,903</b>	-
Earning Per Share (Note No. 16) (Equity share, par value of Rs.10/- per share)			
Basic (Rs)		<b>1.00</b>	-
Diluted (Rs)		<b>1.00</b>	-
<b>NOTES FORMING PART OF ACCOUNTS</b>	18		

As per our report attached  
 For Sorab S.Engineer & Co.  
 Firm Registration No. 110417W  
 Chartered Accountants

*Chokshi Shreyas B.*

CA. Chokshi Shreyas B.  
 Partner  
 Ahmedabad, May 29, 2010

SSL *[Signature]*  
 Director

*[Signature]*  
 Director

Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2010**

	Amount Rs.		Amount Rs.	
	2009-2010		2008-2009	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit for the year		30,799,752		-
Adjustments for:				
Depreciation	72,730,826		-	
Interest Income	(194,320)		-	
Interest Expenses	13,399,696		-	
Bad Debts Written Off	555,450		-	
Preliminary Expenses Written Off	1,125,372		-	
Loss on Sale of Investments	2,000	87,619,024	-	
<b>Operating Profit before Working Capital Changes</b>		<b>118,418,776</b>		-
Working Capital Changes:				
Changes in Inventories	(271,166,452)		-	
Changes in Trade Receivables	2,756,300		-	
Changes in Other Receivables	(36,360,811)		-	
Changes in Current Liabilities	(222,002,730)		75,000	
<b>Net Changes in Working Capital</b>		<b>(526,773,693)</b>		<b>75,000</b>
<b>Cash Generated From Operations</b>		<b>(408,354,917)</b>		<b>75,000</b>
Advance Tax / TDS (Net of Income Tax Refund)		(6,671,501)		-
<b>Net Cash from Operating Activities</b>		<b>(415,026,418)</b>		<b>75,000</b>
<b>B Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(118,870,394)		(36,595)	
Changes in Investments	501,000		(503,000)	
Interest Income	194,320		-	
<b>Net Cash Flow from Investing Activities</b>		<b>(118,175,074)</b>		<b>(539,595)</b>
<b>C Cash Flow from Financing Activities</b>				
Changes in Borrowings	565,815,135		-	
Interest Paid	(13,399,696)		-	
<b>Net Cash Flow from Financing Activities</b>		<b>552,415,439</b>		-
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>19,213,947</b>		<b>(464,595)</b>
Cash & Cash Equivalent at the beginning of the Period		<b>116,367</b>		<b>478,903</b>
<b>Cash and Cash Equivalent at the end of the Period</b>		<b>19,330,314</b>		<b>14,308</b>

Notes to Cash Flow Statement (Refer Schedule 18, Note No. 13)

As per our report attached  
For **Sorab S.Engineer & Co.**  
Firm Registration No. 110417W  
Chartered Accountants

*Chokshi Shreyas B.*

**CA. Chokshi Shreyas B.**  
Partner  
Ahmedabad, May 29, 2010

*SSC*

*Jaye*

Director

Director

(Amount in Rs)

PARTICULARS	31-Mar-10	31-Mar-09
<b>SCHEDULE '1' : SHARE CAPITAL</b>		
<b>Authorised Share Capital</b> 25,000,000 Equity Shares (Previous Year 10,000,000 Equity Shares) of Rs. 10/- each	250,000,000	100,000,000
<b>Issued,Subscribed and Paid up capital</b> 20,050,000 Equity Shares (Previous Year 50,000 Equity Shares) of Rs. 10/- each fully paid up	200,500,000	500,000
<b>Note:</b> (a) Above shares are held by Arvind Limited, the holding company (b) Of the above shares, 20,000,000 Equity Shares of Rs. 10/- each are allotted as fully paid up pursuant to the Scheme of Arrangement to Arvind Limited, the holding company without payment being received in cash as detailed in Note No. 3		
<b>TOTAL</b>	<b>200,500,000</b>	<b>500,000</b>
<b>SCHEDULE '2' : RESERVES AND SURPLUS</b>		
<b>Securities Premium</b> Add: Received during the year (Note No. 3)	300,000,000	-
	300,000,000	-
<b>Balance in Profit and Loss account</b>	20,000,903	-
<b>TOTAL</b>	<b>320,000,903</b>	<b>-</b>
<b>SCHEDULE '3' : SECURED LOANS (Note No. 6)</b>		
<b>From Banks</b> Cash Credit and other facilities	353,067,885	-
<b>TOTAL</b>	<b>353,067,885</b>	<b>-</b>
<b>SCHEDULE '4' : UNSECURED LOANS (Note No. 7)</b>		
<b>From Group Company</b>	212,747,250	-
<b>TOTAL</b>	<b>212,747,250</b>	<b>-</b>

2011



## SCHEDULE 5 - FIXED ASSETS

(Amount in Rs)

ASSET BLOCK	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK		
	AS AT 01.04.2009	ACQUIRED UNDER DEMERGER SCHEME	ADDITIONS	DELETIONS	AS AT 31.03.2010	AS AT 01.04.2009	FOR THE YEAR	DELETIONS	AS AT 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
<b>INTANGIBLE ASSETS</b>											
Brand Value	-	190,261,953	-	-	190,261,953	-	6,350,442	-	6,350,442	183,911,511	-
Computer Softwares	-	39,283,738	23,195,053	-	62,478,791	-	11,218,742	-	11,218,742	51,260,049	-
<b>TANGIBLE ASSETS</b>											
Data Processing Equipments	-	23,735,811	4,836,298	-	28,572,109	-	5,151,695	-	5,151,695	23,420,414	-
Electrical Equipments	-	78,689,437	7,929,708	-	86,619,145	-	3,930,763	-	3,930,763	82,688,382	-
Furniture & Fixtures	-	119,701,208	30,022,715	-	149,723,923	-	8,700,521	-	8,700,521	141,023,402	-
Leasehold Improvement	-	275,777,756	57,614,183	-	333,391,939	-	32,409,221	-	32,409,221	300,982,718	-
Office Equipments	-	42,346,364	6,482,789	-	48,829,153	-	2,164,360	-	2,164,360	46,664,793	-
Plant & Machineries	-	36,299,909	12,375,679	-	48,675,588	-	2,003,819	-	2,003,819	46,671,769	-
Vehicles	-	1,687,186	-	-	1,687,186	-	801,263	-	801,263	885,923	-
<b>Total</b>	-	<b>807,783,362</b>	<b>142,456,425</b>	-	<b>950,239,787</b>	-	<b>72,730,826</b>	-	<b>72,730,826</b>	<b>877,508,961</b>	-
Previous Year	-	-	-	-	-	-	-	-	-	-	-
Capital Work in Progress (Including Advances for Capital Expenditure)										8,875,007	46,320
<b>Total</b>										<b>886,383,968</b>	<b>46,320</b>

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(Amount in Rs)

PARTICULARS	31-Mar-10	31-Mar-09
<b>SCHEDULE '6' : "INVESTMENTS"</b>		
Long Term - At Cost		
Investment in Subsidiary Company		
Fully Paid Equity Shares - Unquoted		
Arvind Lifestyle Brands Limited	-	503,000
50,100 Equity Shares of Rs. 10/- each		
(Sold during the year)		
<b>TOTAL</b>	-	503,000
<b>SCHEDULE '7' : INVENTORIES</b>		
<b>Inventories</b>		
Stores, Accessories and Spares	3,100,214	-
<b>Stock in trade</b>		
Finished Goods (Traded)	898,242,416	-
Goods in Transit	53,707,186	-
<b>TOTAL</b>	<b>955,049,816</b>	-
<b>SCHEDULE '8' : SUNDRY DEBTORS</b>		
(Unsecured)		
Debts Outstanding for a period exceeding six months		
Considered good	-	-
Considered doubtful	-	-
Less:Provision for doubtful debts	-	-
Others(Considered good)	11,921,284	-
<b>TOTAL</b>	<b>11,921,284</b>	-
<b>SCHEDULE '9' : CASH AND BANK BALANCES</b>		
Cash on hand	31,939	55
Balances with Scheduled Banks		
In Current Accounts	2,864,667	14,253
In Margin Money Deposit (under lien against Bank Guarantees)	16,433,708	-
<b>TOTAL</b>	<b>19,330,314</b>	<b>14,308</b>
<b>SCHEDULE '10' : LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good unless otherwise stated)		
Loan to Others	4,990,953	-
Advances recoverable in cash or in kind or for value to be received	6,785,418	-
Premises and other Deposits	178,698,270	-
Prepayments	8,225,329	-
Income Taxes Paid ( Net of Provision for Tax Rs. 5,234,418/-)	1,437,083	-
Others Recievables	21,233,567	-
<b>TOTAL</b>	<b>221,370,620</b>	-
<b>SCHEDULE '11' : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Acceptances	835,665	-
Sundry Creditors		
Other than Micro Enterprises & Small Enterprises (Note No. 11)	818,135,152	1,189,000
Security Deposits	4,148,950	-
Other Liabilities (Including Book Overdraft of Rs. 24,924,440; Previous Year Rs. Nil)	172,778,156	-
	<b>995,897,923</b>	<b>1,189,000</b>
<b>Provisions</b>		
For Leave Encashment	5,682,463	-
For Gratuity	205,147	-
For Superannuation	390,000	-
	<b>6,277,610</b>	-
<b>TOTAL</b>	<b>1,002,175,533</b>	<b>1,189,000</b>

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(Amount in Rs)

PARTICULARS	31-Mar-10	31-Mar-09
<b>SCHEDULE '6' : "INVESTMENTS"</b>		
Long Term - At Cost		
Investment in Subsidiary Company		
Fully Paid Equity Shares - Unquoted		
Arvind Lifestyle Brands Limited	-	503,000
50,100 Equity Shares of Rs. 10/- each		
(Sold during the year)		
<b>TOTAL</b>	-	503,000
<b>SCHEDULE '7' : INVENTORIES</b>		
<b>Inventories</b>		
Stores, Accessories and Spares	3,100,214	-
<b>Stock in trade</b>		
Finished Goods (Traded)	898,242,416	-
Goods in Transit	53,707,186	-
<b>TOTAL</b>	<b>955,049,816</b>	-
<b>SCHEDULE '8' : SUNDRY DEBTORS</b>		
(Unsecured)		
Debts Outstanding for a period exceeding six months		
Considered good	-	-
Considered doubtful	-	-
Less: Provision for doubtful debts	-	-
Others(Considered good)	11,921,284	-
<b>TOTAL</b>	<b>11,921,284</b>	-
<b>SCHEDULE '9' : CASH AND BANK BALANCES</b>		
Cash on hand	31,939	55
Balances with Scheduled Banks		
In Current Accounts	2,864,667	14,253
In Margin Money Deposit (under lien against Bank Guarantees)	16,433,708	-
<b>TOTAL</b>	<b>19,330,314</b>	<b>14,308</b>
<b>SCHEDULE '10' : LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good unless otherwise stated)		
Loan to Others	4,990,953	-
Advances recoverable in cash or in kind or for value to be received	6,785,418	-
Premises and other Deposits	178,698,270	-
Prepayments	8,225,329	-
Income Taxes Paid ( Net of Provision for Tax Rs. 5,234,418/-)	1,437,083	-
Others Recievables	21,233,567	-
<b>TOTAL</b>	<b>221,370,620</b>	-
<b>SCHEDULE '11' : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Acceptances	835,665	-
Sundry Creditors		
Other than Micro Enterprises & Small Enterprises (Note No. 11)	818,135,152	1,189,000
Security Deposits	4,148,950	-
Other Liabilities (Including Book Overdraft of Rs. 24,924,440; Previous Year Rs. Nil)	172,778,156	-
	<b>995,897,923</b>	<b>1,189,000</b>
<b>Provisions</b>		
For Leave Encashment	5,682,463	-
For Gratuity	205,147	-
For Superannuation	390,000	-
	<b>6,277,610</b>	-
<b>TOTAL</b>	<b>1,002,175,533</b>	<b>1,189,000</b>

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(Amount in Rs)

PARTICULARS	2009-10	2008-09
<b>SCHEDULE '12': OTHER RETAIL OPERATING INCOME</b>		
Commission Income (Tax Deducted at Source Rs. 6,671,501/-; Previous Year Rs. Nil)	61,583,781	-
Facility Management Fees	12,850,046	-
Income from store displays and Sponsorsip Income	6,156,347	-
<b>TOTAL</b>	<b>80,590,174</b>	-
<b>SCHEDULE '13': OTHER INCOME</b>		
Interest Income	194,320	-
Foreign Exchange Gain	4,963	-
Miscellaneous Income and Credits	21,284,422	-
<b>TOTAL</b>	<b>21,483,705</b>	-
<b>SCHEDULE '14': COST OF GOODS SOLD</b> (including concession purchase)		
Stock acquired under the Scheme of Arrangement	652,984,021	-
Add:Purchases	1,990,011,446	-
Less:Closing Stock	898,242,416	-
<b>TOTAL</b>	<b>1,744,753,051</b>	-
<b>SCHEDULE '15': EMPLOYEE COSTS</b>		
Salaries,Wages,Allowance and Bonus	189,185,433	-
Contribution to Provident Fund and Other Funds	6,875,132	-
Staff Welfare Expenses	10,869,953	-
<b>TOTAL</b>	<b>206,930,518</b>	-
<b>SCHEDULE '16': OPERATING AND ADMINISTRATIVE EXPENSES</b>		
Power & Fuel	65,409,789	-
Insurance	899,045	-
Processing Charges	7,519,652	-
Printing, Stationary & Communication	19,264,039	-
Lease Rent and Hire charges	240,838,692	-
Commission, Brokerage and Discounts	28,035,243	-
Business Conducting Fees	2,433,867	-
Rates and Taxes	6,034,750	-
Repairs and Maintenance		
-Buildings	1,624,898	-
-Plant & Machinery	2,771,341	-
-Others	23,171,357	-
Royalty on Sales	8,835,072	-
Freight, Insurance and Clearing Charges	39,724,825	-
Legal and Professional Fees	20,072,229	-
Housekeeping Charges	8,900,479	-
Security Charges	12,616,596	-
Computer Expenses	3,835,256	-
Conveyance and Travelling Expenses	15,742,153	-
Advertisement and Publicity	90,977,163	-
Sales Promotion	3,806,917	-
Charges for Credit Card Transactions	22,195,719	-
Packing Materials	31,969,205	-
Contract Labour cost	76,821,224	-
Bad Debts Written Off	555,450	-
Miscellaneous Expenses	23,761,165	-
<b>TOTAL</b>	<b>757,816,126</b>	-
<b>SCHEDULE '17': INTEREST AND FINANCE CHARGES</b>		
Interest		
On Cash Credit & Other Facilities	12,909,889	-
Others	489,807	-
Other Finance Charges	8,467,408	-
<b>TOTAL</b>	<b>21,867,104</b>	-
<b>TOTAL</b>		

cash

**SCHEDULE 18****NOTES FORMING PART OF ACCOUNTS:****1: COMPANY BACKGROUND**

Arvind Retail Ltd (ARL) is engaged in the business of retailing Apparels. ARL is the pioneer of Apparel Value retailing business in India, under the umbrella brand "Megamart". Megamart today is the largest player in the Branded Apparel Value-Retailing concept. With more than 135 small format stores and four Large Format stores Megamart operates more than 3,00,000 square feet of Retail space across India.

**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.

**(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 except so far as they relate to assets acquired under the Scheme of Arrangement which are valued at their fair value. These costs are not adjusted to reflect the changing value in the purchasing power of money.

**(D) REVENUE RECOGNITION**

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 and 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 Claims are fulfilled.

Retail sales and revenues are recognised on delivery of the merchandise to the customer, when the property in the goods is transferred for a price, when significant risks and rewards have been transferred and no effective ownership control is retained. Sales are net of discount, sales tax and VAT are reduced from Retail Turnover.

The property in the merchandise of third party consignment stock does not pass to the Company. Since, however, the sale of such stock forms a part of the activities of the Company's departmental stores, the gross sales values and cost of the merchandise are displayed separately in the profit and loss account.

Revenue from export sales are recognized on shipment basis. 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.

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In respect of gift vouchers and point award schemes operated by the Company, sales are recognised when the gift vouchers or points are redeemed and the merchandise is sold to the customer.

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/ displayed. Facility management fees are recognised pro-rata over the period of the contract.

#### **(E) VALUATION OF INVENTORY**

The stock of finished goods and packing material of the Company has been valued at the lower of cost and net realizable value. Cost includes cost of materials and cost of conversion. The cost of finished goods has been measured on the Weighted Average Cost basis.

Merchandise received under consignment and concessionaire arrangements belong to the consignors/concessionaires and are therefore excluded from the Company's inventories.

#### **(F) FIXED ASSETS & DEPRECIATION/AMORTISATION**

##### **Tangible Assets**

The Fixed Assets acquired under the scheme of demerger are stated at their fair value less accumulated depreciation.

The addition to the fixed assets is stated at their original cost of acquisition less accumulated depreciation. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenditure incurred up to the date of opening new stores; to the extent they are attributable to the new store.

##### **Intangible Assets**

Intangible assets acquired are stated at their Fair Value, less accumulated amortisation 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.

##### **Depreciation on Tangible Assets**

Depreciation on Fixed Assets acquired under the Scheme of Arrangement is provided, pro rata for the period of use, by the straight line method (SLM) at the rates based on management's estimate of residual useful lives of the fixed assets or at the rates specified in the Schedule XIV to the Companies Act, 1956 whichever is higher.

Depreciation on addition to Fixed Assets is provided, pro rata for the period of use, by the straight line method (SLM), as per the rates prescribed in Schedule XIV to the Act except for the following which are based on management's estimate of useful lives of the fixed assets:

Vehicles	25%
Leasehold Improvements	10%
Furniture given to Employees	18%

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

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**Amortisation of Intangible Assets**

Brand Value has been amortized in the ratio of revenue expected to be generated from these brands over the period of ten years.

Software is depreciated over management estimate of its useful life of 5 years.

**(G) 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

**(H) FOREIGN CURRENCY TRANSACTIONS**

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

The foreign currency monetary items consisting of trade receivables, payables and balances in bank accounts at the end of the year have been restated at the year end rate. The difference arising as a result has been accounted as income/ expense as per the Accounting Standard 11 (Revised 2003) on "Accounting for the Effects of Changes in Foreign Exchange Rates" notified by Companies (Accounting Standards) Rule, 2006.

**(I) RETIREMENT BENEFITS**

The Company has Defined Contribution Plans for post employment benefits namely Provident Fund and Superannuation Fund. 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 Oriental Insurance Company Limited which is 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.

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. The actuarial valuation is done based on Projected Unit Credit Method. Gratuity scheme is administered by Life Insurance Corporation of India.

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) BORROWING COST**

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds and considered as revenue expenditure and charged to profit and loss account for the year in which it is incurred.

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**(K) LEASE ACCOUNTING**

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.

**(L) TAXES ON INCOME**

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.

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 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) 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.

**(N) 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.

**3. Scheme of Arrangement:**

A Scheme of Arrangement (herein after referred to as "the Scheme") under Sections 391 to 394 and other relevant provisions of the Companies Act, 1956 between Arvind Limited ("Arvind") and Arvind Retail Limited ("the Company") was sanctioned by the Honorable High Court of Gujarat at Ahmedabad on 7<sup>th</sup> September 2009 and has been declared effective from 1<sup>st</sup> April 2009 referred to as the appointed date. Pursuant to the Scheme:

- (a) The Retail Business Division ("RBD") of Arvind stands demerged from Arvind and transferred to and vested in the Company as a going concern with effect from 1<sup>st</sup> April 2009 (the appointed date).
- (b) RBD means the entire Undertaking classified as RBD of the demerged company Arvind carrying on the business of retailing apparels and accessories through stores and outlets present all over India among other activities along with all liabilities contingent or otherwise pertaining to or relatable to the undertaking as appearing in the books of accounts which arise out of the activities or operations of the undertaking but excluding loans and borrowings and debentures, if any taken from any bank and/or financial institutions.

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- (c) With effect from the appointed date and upon the Scheme becoming effective, all the assets (including Intangible Assts), liabilities (including contingent liabilities but excluding loans and borrowings and debentures, if any taken from any bank and/or financial institutions) and employees, of RBD of Arvind existing immediately before the appointed date have been transferred to the Company and have been recorded at their respective fair values as estimated by the management.
- (d) In consideration of demerger of RBD from Arvind and consequent transfer and vesting of BBD into the Company, the Company has issued and allotted 2,00,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 15/- per Share, credited as fully paid-up in the Capital of the Company to Arvind.

The details of the Assets and Liabilities relating to RBD transferred and vested with the Company and accounted at their respective fair value with effect from 1st April 2009, the appointed date are as follows:

#### **Intangible Assets**

The Company has identified Intangible Assets viz. Brand Value accruing to the Company up on its acquisition of the Retail Business Division of Arvind Limited. This asset has been valued at Fair Value based on the valuation report of an independent chartered accountant. The consideration paid towards these intangible assets has been apportioned in ratio of the fair values as per the said valuation report and recognized in the books of account as follows:

<b>Intangible Asset</b>	<b>Amount Rs.</b>
Value of Brand	190,261,953
<b>Total</b>	<b>190,261,953</b>

Other details are as follows:

<b>Particulars</b>	<b>Amount Rs.</b>
<b>Assets</b>	
<b>Intangible Assets</b>	190,261,953
<b>Fixed Assets</b>	649,936,127
<b>Current Assets, Loans and Advances</b>	
a) Inventories	683,883,364
b) Sundry Debtors	15,233,033
c) Cash and Bank Balances	102,059
d) Other Current Assets	0
e) Loans and Advances	183,572,726
<b>Liabilities</b>	
<b>Current Liabilities and Provisions</b>	
a) Current Liabilities	1,215,145,550
b) Provisions	7,843,712
<b>Net Assets</b>	<b>500,000,000</b>
<b>Represented by:</b>	
Share Capital	200,000,000
Share Premium	300,000,000

#### **4. CONTINGENT LIABILITIES**

- (a) Bills discounted Rs. 103,255,873 (Rs. Nil).
- (b) Claims against the Company not acknowledged as Debt Rs.200,000,000 (Rs. Nil)

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5. The estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 31,710,770 (Rs. Nil).

**6. SECURED LOANS**

Cash Credit amounting to Rs. 353,067,885 are secured by way of hypothecation of inventories, consumable stores and spares, outstanding monies receivable both present and future and a second charge on all fixed Assets of the Company.

**7. UNSECURED LOANS**

In the absence of repayment schedule for unsecured loan received from Group Company, amount payable within in one year has not been mentioned.

**8. Impairment of Fixed Assets**

In accordance with the Accounting Standard (AS -28) on 'Impairment of Assets', there is no indication of impairment based on internal or external factors and hence no impairment is considered to be necessary at the year end.

**9. Employee Benefits**

Consequent to the adoption of Accounting Standard on Employee Benefits (AS 15 Revised 2005) notified by Companies (Accounting Standards) Rule, 2006, 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:

(Amount Rs.)

Particulars	2009-2010	2008-2009
Provident Fund	3,319,615	Nil
Superannuation Fund	921,154	Nil

**(ii) State Plans**

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

(Amount Rs.)

Particulars	2009-2010	2008-2009
Employee's State Insurance	1,409,929	Nil
Employee's Pension Scheme	2,337,291	Nil

**(iii) Defined Benefit Plans**

**(a) Leave Encashment/Compensated Absences**

Salary, Allowances and Bonus includes Rs. 1,560,909 towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

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**(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:

Particulars	(Amount Rs.)	
	2009-2010	2008-2009
<b>Change in the Benefit Obligations :</b>		
Liability at the beginning of the year assumed under the Scheme of Arrangement	5,293,047	NIL
Interest Cost	423,450	NIL
Current Service Cost	462,537	NIL
Benefits Paid	-	NIL
Actuarial Gain	2,732,250	NIL
Liability at the end of the year	<b>3,446,784</b>	NIL
<b>Fair Value of Plan Assets :</b>		
Fair Value of Plan Assets at the beginning of the year	2,397,650	NIL
Expected Return on Plan Assets	275,551	NIL
Contributions	811,305	NIL
Benefits Paid	-	NIL
Actuarial gain/(loss) on Plan Assets	(242,869)	NIL
Fair Value on Plan Assets at the end of the year	<b>3,241,637</b>	NIL
Total Actuarial gain to be recognized	2,489,381	NIL
<b>Actual Return on Plan Assets :</b>		
Expected Return on Plan Assets	275,551	NIL
Actuarial gain/(loss) on Plan Assets	(242,869)	NIL
Actual Return on Plan Assets	<b>32,682</b>	NIL
<b>Amount Recognized in the Balance Sheet :</b>		
Liability at the end of the year	3,446,784	NIL
Fair Value of Plan Assets at the end of the year	3,241,637	NIL
Amount recognized in the Balance Sheet under " Provision for Retirement Benefit "	<b>205,147</b>	NIL
<b>Expense Recognized in the Profit and Loss Account :</b>		
Interest Cost	423,450	NIL
Current Service Cost	462,537	NIL
Expected Return on Plan Assets	(275,551)	NIL
Net Actuarial gain/(loss) to be recognized	2,489,381	NIL
Expense recognized in the Profit and Loss Account under "Employee Emoluments"	<b>(1,878,945)</b>	NIL
<b>Reconciliation of the Liability Recognized in the Balance Sheet :</b>		
Opening Net Liability	2,895,397	NIL
Expense Recognized	(1,878,945)	NIL
Contribution by the Company	811,305	NIL
Amount recognized in the Balance Sheet under " Provision for Retirement Benefits "	<b>205,147</b>	NIL

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	8%	Nil
Return on Plan Assets	8.5%	Nil

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**(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:

Particulars	(Amount Rs.)	
	2009-2010	2008-2009
<b>Change in the Benefit Obligations :</b>		
Liability at the beginning of the year assumed under the Scheme of Arrangement	5,293,047	NIL
Interest Cost	423,450	NIL
Current Service Cost	462,537	NIL
Benefits Paid	-	NIL
Actuarial Gain	2,732,250	NIL
Liability at the end of the year	<b>3,446,784</b>	NIL
<b>Fair Value of Plan Assets :</b>		
Fair Value of Plan Assets at the beginning of the year	2,397,650	NIL
Expected Return on Plan Assets	275,551	NIL
Contributions	811,305	NIL
Benefits Paid	-	NIL
Actuarial gain/(loss) on Plan Assets	(242,869)	NIL
Fair Value on Plan Assets at the end of the year	<b>3,241,637</b>	NIL
Total Actuarial gain to be recognized	2,489,381	NIL
<b>Actual Return on Plan Assets :</b>		
Expected Return on Plan Assets	275,551	NIL
Actuarial gain/(loss) on Plan Assets	(242,869)	NIL
Actual Return on Plan Assets	<b>32,682</b>	NIL
<b>Amount Recognized in the Balance Sheet :</b>		
Liability at the end of the year	3,446,784	NIL
Fair Value of Plan Assets at the end of the year	3,241,637	NIL
Amount recognized in the Balance Sheet under " Provision for Retirement Benefit "	<b>205,147</b>	NIL
<b>Expense Recognized in the Profit and Loss Account :</b>		
Interest Cost	423,450	NIL
Current Service Cost	462,537	NIL
Expected Return on Plan Assets	(275,551)	NIL
Net Actuarial gain/(loss) to be recognized	2,489,381	NIL
Expense recognized in the Profit and Loss Account under "Employee Emoluments"	<b>(1,878,945)</b>	NIL
<b>Reconciliation of the Liability Recognized in the Balance Sheet :</b>		
Opening Net Liability	2,895,397	NIL
Expense Recognized	(1,878,945)	NIL
Contribution by the Company	811,305	NIL
Amount recognized in the Balance Sheet under " Provision for Retirement Benefits "	<b>205,147</b>	NIL

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	8%	Nil
Return on Plan Assets	8.5%	Nil

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**10. Lease Rent:**

Rent expense includes lease rental payments towards office premises, showrooms and other facilities. Such lease agreements are generally for a period of 11 to 108 months with the option of renewal against increased rent and with a non cancellable period at the beginning of the agreement ranging from 11 to 60 months.

The particulars of these leases are as follows:

(Amount Rs.)

Particulars	2009-10	2008-09
Future Minimum lease payments obligation on non-cancellable operating leases :		
Not later than one year	34,897,378	NIL
Later than one year and not later than five years	17,670,430	NIL
Later than five years	NIL	NIL
Lease Payment recognised in Profit & Loss Account	240,838,692	NIL

**11. 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:

- Amount due and outstanding to suppliers as at the end of accounting year
- Interest paid during the year
- Interest payable at the end of the accounting year
- 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.

**12. Auditors' Remuneration:**

(Included in Miscellaneous Expenses)

(Amount Rs.)

Statutory Auditors	2009-10	2008-09
As Auditors	1,000,000	1,000

**13. Notes to Cash Flow Statement:**

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on "Cash Flow Statements" (AS 3) notified by Companies (Accounting Standards) Rule, 2006.
- Figures in bracket represent outflow of cash.
- Cash and Cash Equivalents include Rs. 16,433,708 (Previous Year Rs. Nil) not available for use by the Company.
- In accordance with the scheme of arrangement approved by the High Court of Gujarat, the demerger of Brand Business Division of Arvind in to the Company is a non-cash transaction for the Company.
- Cash and Cash Equivalents at the beginning of the year include Rs. 102,059 of Retail Business Division acquired on Demerger.

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**14. Segment Reporting:**

The company is primarily engaged in the business of retail trade through retail and departmental store facilities in India, which in the context of Accounting Standard 17 on 'Segment Reporting' notified by Companies (Accounting Standards) Rule, 2006, constitutes a single reporting segment.

**15. Related Party Disclosures:**

As per the Accounting Standard on "Related Party Disclosures" (AS 18) notified by Companies (Accounting Standards) Rule, 2006, the related parties of the Company are as follows:

**List of Related Parties & Relationship:**

Holding Company	Fellow Subsidiary Companies
Arvind Limited	Arvind Lifestyle Brands Limited

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

**Related Party Transactions:**

(Amount Rs.)

Nature of Transactions	Referred in 1(A) Above		Referred in 1(B) Above	
	2009-10	2008-09	2009-10	2008-09
<b>Purchases</b>				
Goods and Materials	20,442,336	NIL	278,736,204	NIL
<b>Sales</b>				
Goods and Materials	NIL	NIL	2,491,612	NIL
<b>Expenses</b>				
Receiving of Services	NIL	NIL	42,170,155	NIL
Agent Commission	545,338	NIL	13,300,000	NIL
Others	10,384,696	NIL	NIL	NIL
<b>Income</b>				
Others	12,000	NIL	NIL	NIL
<b>Finance</b>				
Loan taken (Net)	NIL	NIL	212,747,250	NIL
<b>Share Capital Issued under the Scheme of Arrangement</b>	500,000,000	NIL	NIL	NIL
<b>Outstanding :</b>				
Receivable in respect of Current Assets	103,746	NIL	NIL	NIL
Payable in respect of Loans	NIL	NIL	212,747,250	NIL
Payable in respect of Current Liabilities	53,847,792	NIL	1,615,1984	NIL

**16. Earning Per Share (EPS) :**

Particulars		2009-10	2008-09
Profit available to Equity Shareholder	Rs.	20,000,903	NIL
Weighted average no. of Equity Shares for Basic/Diluted EPS	Nos.	20,050,000	50,000
Nominal value of Equity Shares	Rs.	10	10
Basic / Diluted Earning per Equity Share	Rs.	1.00	NIL

**17. Deferred Tax**

In terms of the provisions of the Accounting Standard - 22 "Accounting for Taxes on Income" notified by Companies (Accounting Standards) Rules, 2006, the Company has recognised the deferred tax Liability. The components of deferred tax Liability as on March 31 are as follows:

(Amount Rs.)

<b>PARTICULARS</b>	<b>2009-10</b>
Fixed Assets	(27,666,908)
Expenditure allowable on payment basis	449,912
Unabsorbed loss / Depreciation	21,652,565
<b>Net Deferred Tax Liability</b>	<b>5,564,431</b>

- 18.** 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.

**19. Unhedged Foreign Currency Exposure:**

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

<b>Particulars</b>	<b>MAR'10</b>		<b>MAR'09</b>	
	<b>INR</b>	<b>FC</b>	<b>INR</b>	<b>FC</b>
Payable towards Royalty	Rs.1,147,015/-	\$ 25,592	NIL	NIL

**20. Provision for Customer Loyalty Program Reward Points**

The Company has made provision for redemption of customer loyalty program reward points. The summary of reward points and value for those points are given below:

<b>Particulars</b>	<b>Amount Rs.</b>
Provision made during the year	3,000,000
Closing Balance	<b>3,000,000</b>

**21. Breakup of Sales (Net of VAT) :**

<b>Class of Goods</b>	<b>Unit of Quantity</b>	<b>2009-10</b>		<b>2008-09</b>	
		<b>Quantity *</b>	<b>Amount Rs.</b>	<b>Quantity</b>	<b>Amount Rs.</b>
(A) <b>Garments :</b> Garments *	Nos.	6,797,857	2,914,241,737	NIL	NIL
(B) <b>Misc Sales</b>			1,429,244		NIL
<b>TOTAL SALES</b>			<b>2,915,670,981</b>		<b>NIL</b>

\*After adjusting shortages/excess, if any.

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**22. Breakup of Purchases of Finished Goods :**

Item	Unit of Quantity	2009-10		2008-09	
		Quantity	Amount Rs.	Quantity	Amount Rs.
Garments	Nos.	7,591,414	2,172,858,930	NIL	NIL
<b>Total</b>		<b>7,591,414</b>	<b>2,172,858,930</b>	<b>NIL</b>	<b>NIL</b>

**23. Breakup of Finished Goods Stock :**

Item	Unit of Quantity	2009-10		2008-09	
		Quantity	Amount Rs.	Quantity	Amount Rs.
<b>Opening Stocks :</b> Acquired under the Scheme of Demerger					
<b>Garments:</b> Garments	Nos.	1,943,782	652,984,021	NIL	NIL
<b>TOTAL</b>		<b>1,943,782</b>	<b>652,984,021</b>	<b>NIL</b>	<b>NIL</b>

**24. Breakup of Finished Goods Stock :**

Item	Unit of Quantity	2009-10		2008-09	
		Quantity	Amount Rs.	Quantity	Amount Rs.
<b>Closing Stocks :</b> <b>Garments:</b> Garments	Nos.	2,737,339	898,242,416	NIL	NIL
<b>TOTAL</b>		<b>2,737,339</b>	<b>898,242,416</b>		

**25. Expenditure in Foreign Currency**

(Amount Rs.)

Nature of Expenses	2009-10	2008-09
(a) Royalty	7,641,255	Nil
(b) Others	696,849	Nil

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26. Previous year's figures are shown in brackets and are regrouped or recast wherever necessary. Current year's figures are not strictly comparable with those of previous year as they include the balance of RBD on Demerger.

Signatures to Schedules 1 to 18

*cc:rb*

As per our report attached

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

*Chokshi Shreyas B.*

**CA.Chokshi Shreyas B.**  
Partner

Ahmedabad  
May 29, 2010

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Director

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FIS

*[Signature]*  
Director