

Arvind

Annual Report 2010 - 2011



ARVIND LIMITED
Enriching Lifestyles...

Directors

Mr. Sanjay S. Lalbhai Chairman & Managing Director
Mr. Jayesh K. Shah Director & Chief Financial Officer
Mr. Sudhir Mehta
Dr. Bakul Dholkia
Mr. Munesh Khanna
Mr. G. M. Yadwadkar Nominated by IDBI Bank Ltd.
Mr. Prabhakar Dalal Nominated by Export-Import Bank of India
Ms. Renuka Ramnath

Company Secretary

Mr. R.V. Bhimani

Bankers

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

Auditors

Sorab S. Engineer & Co.
Chartered Accountants
Ismail Building,
381, Dr. D. Naoroji Road,
Fort, Mumbai-400 001.

Registered Office

Naroda Road,
Ahmedabad - 380 025.

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REGISTRARS AND TRANSFER AGENTS

Sharepro Services (India) Private Limited
416-420, 4th Floor, Devnandan Mall,
Opp. Sanyas Ashram, Ellisbridge,
Ahmedabad - 380 006.

Phone Nos.: 079-26582381 to 84

Fax No.: 079-26582385

E-mail: sharepro.ahmedabad@shareproservices.com

Notice

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Friday, the 30th September, 2011 at 10:30 a.m. at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380006 to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements of Accounts for the financial year ended on 31st March, 2011 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sanjay S. Lalbhai, who retires by rotation in terms of Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Sudhir Mehta, who retires by rotation in terms of Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass with or without modification(s), the following Resolution, as an Ordinary Resolution:

RESOLVED THAT Ms. Renuka Ramnath, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing her candidature for the office of Director U/s. 257 of the Companies Act, 1956, 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 modification(s), the following Resolution, as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the terms of reappointment of Mr. Jayesh K. Shah as Wholtime Director with the designation of Director and Chief Financial Officer of the Company, for a further period of three years from 1st October, 2011 to 30th September, 2014 on the terms and conditions as set out in the draft agreement of the reappointment submitted to the meeting and initialed by the Chairman for identification and that he be paid remuneration by way of salary, perquisites, allowances and commission as approved by the Board of Directors of the Company and the Remuneration Committee and as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors and the Remuneration Committee be and are hereby severally authorised to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Mr. Jayesh K. Shah as they may deem proper from time to time considering the nature and scope of his activities as shall be permissible and in conformity with applicable provisions of the Companies Act, 1956.

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

RESOLVED THAT pursuant to the provisions of Section 17, 18 and other applicable provisions, if any, of the Companies Act, 1956 and subject to necessary approvals, permissions, sanctions of any authority, Statutory or otherwise, as may be required and subject to such conditions and modifications as may be prescribed by these authorities, the Main Object Clause (2) of Memorandum of Association of the Company be and is hereby altered by inserting following new Sub Clause (2)(s) after existing Clause (2)(r) so as to read as under:

(2)(s) To carry on business as builders, contractors, developers and to engage in development of land and/or building property of any tenure, nature or kind and to engage in organization, purchase, trading, sale, lease, exchange of property and to construct, maintain, repair, renovate

property, itself or through other agencies and to hold property for development, construction, sale, lease, hire, or exchange and to participate in joint ventures for development of property and to provide services for development of land and/or building, property, real estate consultancy, real estate brokerage, construction management, architecture, engineering and other technical services, interior design services and to carry on and undertake the business of ownership, operation, maintenance, management, administration, protection and upkeep of service apartments, Building, Colonies, Townships, Complexes, Houses, Schools, Departmental Stores, Hotels, Restaurants, Resorts, Clubs, Recreational Facilities, Parks, Roads, Basements, Open Spaces, Common Areas, Common Facilities and to provide infrastructural facilities.

RESOLVED FURTHER THAT all the copies of Memorandum of Association of the Company be altered accordingly.

RESOLVED FURTHER THAT the Board of Directors (including any committee thereof) be and are hereby authorised to do all such acts, deeds, matters and things as may be considered desirable, expedient and necessary and to file necessary Forms>Returns/Applications/Documents / Papers as are required to be filed with the office of the Registrar of Companies, Gujarat, Ahmedabad and other authorities, Statutory or otherwise as may be required to give effect to this resolution.

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 149 (2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the shareholders be and is hereby accorded to the Company for commencement of business specified in the sub-clause (s) of Clause (2) of the object clause of Memorandum of Association of the Company.

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

RESOLVED THAT subject to approval of shareholders and pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof, for the time being in force) and the provisions of the Foreign Exchange Management Act, 2000 (FEMA), Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended, the Securities and Exchange Board of India (SEBI) Regulations and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by Government of India (GOI), the Reserve Bank of India (RBI), SEBI and/or any other competent authorities and the enabling provisions of the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the stock exchanges on which the Company's shares are listed and subject to necessary approvals, permissions, consents and sanctions of concerned statutory and other authorities and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee thereof) consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons including employees of the Company as may be permitted) either in India or in the course of international offering(s) in one or more foreign markets, such number of Global Depository Receipts (GDRs), Foreign Currency Convertible Bonds (FCCBs), with or without a green shoe option including by way of a qualified institutional placement under the provisions of Chapter VIII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 ("**SEBI ICDR Regulations**") Equity Shares and/or Equity Shares (through Depository Receipt Mechanism or directly to investors) and/or any other financial instruments convertible into Equity Shares or otherwise, in registered or bearer form and/or any security convertible into

Equity Shares, securities, linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares provided that the equity shares issued do not exceed for an aggregate value up to ₹ 300 Crores including the issue and allotment of equity shares pursuant to a Green Shoe Option, if any, (all of which are hereinafter collectively referred to as “**Securities**”) or any combination of Securities, in one or more tranches, whether rupee denominated or denominated in foreign currency, to any eligible person, including foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Foreign Institutional Investors, Indian and/or Multilateral Financial Institutions, Mutual Funds, Non-Resident Indians, stabilizing agents and/or any other categories of investors, whether they be holders of shares of the Company or not (collectively called the “Investors”) through public issue(s) of prospectus, private placement(s), or a combination thereof at such time or times, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with Lead Managers, as the Board at its absolute discretion may deem fit and appropriate.

RESOLVED FURTHER THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendments thereto or re-enactment thereof), the provisions of Chapter VIII of the **SEBI ICDR Regulations** and the provisions of the Foreign Exchange Management Act, 2000, Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, the Board of Directors may at their absolute discretion, issue, offer and allot equity shares or securities convertible into equity shares for a value up to the aggregate amount of ₹ 300 Crores (Rupees Three Hundred Crores Only) inclusive of such premium, as specified above, to Qualified Institutional Buyers (as defined by the SEBI ICDR Regulations) pursuant to a Qualified Institutional Placement (QIP), as provided under Chapter VIII of the SEBI ICDR Regulations.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such shares ranking pari passu with the existing Equity Shares of the Company in all respects.

RESOLVED FURTHER THAT:

- (a) the Securities to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company; and
- (b) the relevant date for the determination of applicable price for the issue of the Securities means the date of the meeting in which the Board of the Company or the Committee of Directors decides to open the proposed issue.

RESOLVED FURTHER THAT the issue of Equity Shares underlying the Securities to the holder of the Securities shall, *inter alia*, be subject to the following terms and conditions:

- (a) in the event of the Company making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;
- (b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders; and
- (c) in the event of merger, amalgamation, takeover or any other re-organization or restructuring, the number of shares, the price and the time period as aforesaid shall be suitably adjusted.

RESOLVED FURTHER THAT the Board be and is hereby authorized to appoint the Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Stabilizing Agent, Trustees, Bankers, Lawyers, Advisors and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents etc. with such agencies and to seek the listing of such Securities on one or more national and/or international stock exchange(s).

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized take such steps and to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary and desirable including the filing of any forms, listing applications, offer documents, registration statements and any other documents or any drafts thereof or any amendment(s) or supplements thereto, with any stock exchange or other regulatory authority whether in India or abroad and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of Securities and approving the issue price, arranging the delivery and execution of all contracts, agreements and all other documents, deeds, and instruments as may be required or desirable in connection with the issue of equity shares by the Company, opening a separate special account with a scheduled bank to receive monies in respect of the issue of the equity shares of the Company.

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

Registered Office:
Naroda Road,
Ahmedabad-380 025
Date : 20th May, 2011

By Order of the Board
SANJAY S. LALBHAI
Chairman & Managing Director

NOTES

1. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends up to the financial year ended 31st March, 1998 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. The Company did not declare any dividends on equity shares for the financial years 1998-99 to 2003-04.
3. Members are requested to notify promptly any change in their addresses to our Registrar and Transfer Agent viz. Sharepro Services (India) Private Limited, Unit: Arvind Limited, 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad-380 006.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 24th September, 2011 to Friday, the 30th September, 2011 (both days inclusive).

5. Documents referred to in the Explanatory Statement attached hereto are available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day.
6. Members are requested to bring their copies of the Annual Report to the meeting. The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
7. Shareholders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.

Registered Office:
Naroda Road,
Ahmedabad-380 025
Date : 20th May, 2011

By Order of the Board
SANJAY S. LALBHAI
Chairman & Managing Director

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

Item No. 5

The Board of Directors of the Company at their meeting held on 28th October, 2010 appointed Ms. Renuka Ramnath 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 accordingly the said Director holds office upto the date of this Annual General Meeting. The Company has received a notice in writing alongwith the necessary amount as deposit from a member signifying his intention to propose her candidature for the office of the Director, in terms of Section 257 of the Companies Act, 1956.

Ms. Renuka Ramnath is the Founder and Managing Director of Multiples Alternate Asset Management which seeks to manage circa \$450 million of Indian and International capital.

In her career spanning nearly two and a half decades in the Indian financial sector, Ms. Renuka Ramnath has been involved with building several businesses from scratch in the ICICI Group which include Investment Banking, Structured Finance and e-Commerce in the 1990s and Private Equity in 2000; much before each of these terms became ubiquitous in Indian marketplace.

Ms. Renuka Ramnath led ICICI Venture to become India's largest private equity fund whilst transforming the firm from a bank's investment arm to a traditional blue-chip private equity fund managing substantial amounts of third party capital - both domestic and international. All four funds raised by her (aggregating to US\$1.5 billion) have been the then largest domestic funds raised in the Indian market.

Ms. Renuka Ramnath has demonstrated her ability to identify and conceptualize new business opportunities, create high quality teams and quickly build these businesses to scale. As a result, she has featured in many prestigious listings, including the Top 25 Most Powerful Women in Business (Business Today, India), India's most Powerful CEO's (Economic Times) and in the Top 25 Non Bank Women in Finance (US Banker's global list).

The details of Directorships, Memberships/Chairpersonships of Committees of other Companies held by Ms. Renuka Ramnath are as under:

Directorships held in other Companies:	Memberships/Chairpersonships of Committees of other Companies:
1. Multiples Equity Fund Trustee Private Limited	No membership or Chairpersonship in any committee of other companies.
2. Shri Nath G Corporate Management Services Private Limited	
3. Multiples Alternate Asset Management Private Limited	

Ms. Renuka Ramnath is not holding any shares of the Company and is not related to any Director of the Company.

The Board commends the resolution at Item No. 5 for approval of members. Ms. Renuka Ramnath may be deemed to be concerned or interested in the said resolution relating to her appointment. No other Directors are in any manner concerned or interested in the said resolution.

Item No. 6

Resolution under Item No. 6 of the Notice relates to the reappointment of Mr. Jayesh K. Shah as Wholetime Director with the designation of Director and Chief Financial Officer of the Company for a further period of three years from 1st October, 2011 to 30th September, 2014 and approval of his remuneration and terms of reappointment.

The Remuneration Committee, at its meeting held on 20th May, 2011, had recommended the reappointment of Mr. Jayesh K. Shah as Wholetime Director with the designation of Director and Chief Financial Officer of the Company and terms of remuneration payable to him for a further period of three years from 1st October, 2011 to 30th September, 2014. The Board of Directors, at their meeting held on 20th May, 2011, had approved the same. The Remuneration Committee and the Board of Directors of the Company are of the opinion that he is fit and proper person to hold the said office and his reappointment will be in the interest of the Company.

The material terms of remuneration of Mr. Jayesh K. Shah effective from 1st October, 2011 to 30th September, 2014 as approved by both Remuneration Committee and Board of Directors in their respective meetings held on 20th May, 2011 are as under:

Remuneration:

- (a) Basic Salary: ₹ 3,30,625 (Rupees Three Lacs Thirty Thousand Six Hundredtwenty Five only) per month with such increase as may be decided by the Board of Directors (which includes any Committee thereof) from time to time, but subject to maximum salary of ₹ 10,00,000 (Rupees Ten Lacs) per month.
- (b) Perquisites and Allowances: In addition to salary, the following perquisites / allowances shall be allowed to the Director & Chief Financial Officer:

CATEGORY – A

i) Housing:

The Company shall provide furnished accommodation to the Director & Chief Financial Officer. If the Director & Chief Financial Officer is having his own accommodation, the Company shall pay house rent allowance at the rate of 30% of the Basic Salary.

The Company shall provide equipment and appliances, furniture, fixtures and furnishing at the residence of the Director & Chief Financial Officer at the entire cost of the Company. The Company shall reimburse the expenses of maintenance, electricity, servants etc.

ii) Other Allowances:

The Company shall pay other allowances as per the Company's policy.

iii) Personal Accident Insurance:

The Company shall pay / reimburse Personal Accident Insurance Premium upto ₹ 25,000 for the Director & Chief Financial Officer.

iv) Club Fees:

The Company shall reimburse annual fees for a maximum of 2 clubs.

The aggregate value of perquisites for (i) to (iv) above for each year shall be computed as per the provisions of Income-Tax Act, 1961. In case of benefits for which no specific rule of valuation is provided under the Income-Tax Act, the perquisites value of such benefit shall be taken at actual cost.

v) Medical Reimbursement:

Medical Expenses actually incurred for self and family shall be reimbursed by the Company.

CATEGORY – B

- i) The Company shall contribute towards Provident Fund/Superannuation Fund/Annuity Fund provided that such contributions either singly or put together shall not exceed the tax-free limit prescribed under the Income-tax Act.
- ii) The Company shall pay Gratuity as per rules of the Company.
- iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company. The above shall not be included in the computation of ceiling on remuneration or perquisites aforesaid.

CATEGORY – C

- i) The Company shall provide car(s) with driver at the entire cost of the Company for use on Company's business and the same will not be considered as perquisites.
- ii) The Company shall provide telephone and other communication facilities at the residence of the Director & Chief Financial Officer at the entire cost of the Company.

CATEGORY – D

The Director and Chief Financial Officer shall be entitled to Performance Linked Variable Pay/Special Allowance/Role Award/Bonus/Commission on profits etc. or in any other form of ₹150 lacs per annum or such other amount as the Remuneration Committee may determine within the overall limit of remuneration prescribed under Sections 198 and 309 and other applicable provisions of the Companies Act 1956.

Overall Limit :

The aforesaid remuneration is subject to the limit of 5% of the annual net profits of the Company and subject further to the overall limit of 10% of the annual net profits of the Company. Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of the Director & Chief Financial Officer, the Company has no profits or its profits are inadequate, the Company will pay remuneration for a period not exceeding three years by way of salary, commission and perquisites as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors or the Remuneration Committee, subject to approval of Central Government, if required, as Minimum Remuneration.

The above mentioned remuneration may be altered, amended, varied, enhanced or modified from time to time by the Board of Directors of Company or the Remuneration Committee as it may, at its discretion, deem fit, within the maximum amount payable to Managing and Whole Time Directors in accordance with the provisions of the Companies Act, 1956, including those of Schedule XIII or any amendments thereto made hereafter in this regard within the over all limits approved by the Company in General Meeting.

In terms of the Schedule XIII to the Companies Act, 1956, the Company can revise the limit of payment of managerial remuneration in a financial year when it has no profit or has inadequacy of profit. The Company can pay remuneration of upto ₹ 4 lacs per month by way of salary as well as perquisites provided, *inter alia*, the members' approval by way of special resolution has been obtained for payment of managerial remuneration for a period not exceeding three years. Accordingly, the resolution at Item Nos. 6 is put before the members as Special Resolution.

As required under Schedule XIII to the Companies Act 1956, the relevant details for Item No. 6 to be sent along with the notice calling the general meeting are as under:

I. General Information

- Nature of Industry : Textiles Industry
- Date or Expected Date of Commencement of Commercial Production :
The Company was incorporated on 1st June, 1931 and commenced commercial production thereafter.
- In case of New Companies, Expected Date of Commencement of Activities as per Project Approved by Financial Institutions appearing in the Prospectus : Not applicable
- Financial Performance based on given Indicators (As per audited Financial Statements for the year ended 31.03.2011)

Particulars	₹ in Crores
Sales & Other Income	2725.73
EBIDTA	445.55
Net Profit	134.80

- Export Performance and Net Foreign Exchange Collaborations (As per audited Financial Statements for the year ended 31.03.2011)
Earnings in Foreign Exchange by Exports : ₹1137.58 Crores.
- Foreign Investments or Collaborators, if any: Not Applicable.

II. Information about the appointees**1. Background details :**

Mr. Jayesh K. Shah, a commerce graduate and Chartered Accountant has been in employment with the Company since 1st

July, 1993 and prior to his employment with the Company he was associated with group companies for seven years.

2. Past Remuneration:

Particulars	FY. 09-10	FY. 10-11
Salary	30,00,000	34,50,000
Perquisites/allowances	1,39,80,654	79,18,443
Commission/Bonus	-	86,00,000
Total	1,69,80,654	1,99,68,443

Note: Remuneration includes contribution to Provident Fund and Superannuation.

3. Job Profile and their Suitability :

Mr. Jayesh K. Shah has been appointed as the Director and Chief Financial Officer of the Company and he will carry out such duties as may be entrusted to him by the Chairman and Managing Director but subject to supervision and control of Board of Directors, from time to time.

Taking into consideration his qualifications and expertise in the relevant fields, he is suited for the responsibilities assigned to him by the Board of Directors.

4. Remuneration Proposed: Since the same have been already explained in detail hereinabove, the same are not repeated.**5. Comparative Remuneration Profile with respect to Industry, Size of the Company, Profile of the Position and Person (In case of expatriates the relevant details would be w.r.t. the country of his origin):**

Considering the size of the Company, the profiles of Mr. Jayesh K. Shah, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to him is commensurate with the remuneration packages paid to similar appointees in other companies.

6. Pecuniary Relationship Directly or Indirectly with the Company, or Relationship with the Managerial Personnel, if any :

Besides the remuneration proposed, Mr. Jayesh K. Shah does not have any pecuniary relationship with the Company and its managerial personnel.

The Board commends the resolution at Item Nos. 6 for your approval.

The Drafts of Agreement to be entered into between the Company and Mr. Jayesh K. Shah for remuneration is available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day.

Since the resolution at Item No. 6 relates to payment of remuneration to Mr. Jayesh K. Shah, he is deemed to be concerned or interested in the said resolution. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

The above explanatory statement also sets out an abstract of material terms of the contract with Wholetime Director and hence the same may be treated as an abstract of memorandum of interest in accordance with Section 302 of the Companies Act, 1956.

Item No. 7

The Company is presently engaged mainly in the business of textiles and textile products. In this era of economic liberalization and growth, the Company is also looking at various business opportunities in the area of real estate and construction. There is a huge potential for development of various facets of realty business in India like development of commercial real estate, hospitality real estate, retail real estate and residential real estate due to economic growth of the country at macro and micro level. In view of vast demand supply mismatch for quality grade commercial space, increased disposable incomes, enhanced role of the service sector and possibility of rapid growth of organized retail makes very strong case for venturing into business of real estate development for the Company.

Your Company has certain unutilized real estate assets which it can put to better use and development and can also explore further and tap the opportunities lying ahead in the booming realty market. The goal of the Company which has unutilized real estate assets is to design, execute and market new real estate products.

It is proposed to start new line of business in the field of real estate. In order to enable the Company to enter into real estate business, an amendment in the object clause is proposed to be made by inserting new Sub-Clause (2) (s) after the existing Sub-Clause (2) (r) of the Memorandum and Association of the Company.

The real estate and construction business activities as discussed hereinabove can be conveniently and advantageously combined with the existing business of the Company.

Section 17 of the Companies Act, 1956 stipulates that the object clause of the Memorandum and Association can be altered by a special resolution passed by the shareholders of the Company. In view of this, it is proposed to seek the shareholders approval by way of passing the special resolution as aforesaid.

The Board recommends the special resolution, as set out in the notice, for approval by the shareholders.

None of the directors of the Company is concerned or interested in the aforesaid special resolution.

Item No. 8

The Company has inserted new Sub-Clause (2) (s) after the existing Sub-Clause (2) (r) in the object clause of Memorandum of Association of the Company. It is proposed to commence a new business of real estate as inserted in the newly introduced Sub-Clause of object clause.

Pursuant to Section 149 (2A) of the Companies Act, 1956, approval of the shareholders is necessary by way of special resolution before commencement of any of the activities as mentioned in the proposed new object clause of the Memorandum and Association of the Company. Approval of the shareholders is sought for commencement and carrying out of new business and activities as detailed in Special Resolution No. 7.

The Board recommends the special resolution as set out in the notice for approval by the shareholders.

None of the directors of the Company is concerned or interested in the aforesaid special resolution.

Item No.9

The Resolution No. 9 contained in the Notice relates to a proposal by the Company to create, offer, issue and allot equity shares, GDRs, ADRs, FCDs, NCDs, warrants and/or other securities convertible into or linked to equity shares and/or any other instruments and/or combination of instruments as stated in the resolution as **'Securities'**.

The Company has a comparatively high gearing ratio and it is always better to raise equity base of the company to strengthen the net worth and debt/equity ratio of the company. The Company needs to augment its capital keeping in view the current macro-economic environment, to accelerate further growth, fund various expansion plans, long-term working capital requirements. Hence, the Company plans to issue Equity Shares or Securities equivalent thereto for an amount not exceeding ₹ 300 crores in value and therefore proposes issue of securities. The actual composition of various instruments will be decided by the Board in consultation with the Merchant Bankers/Investment Bankers and as per the requirements of the funds from time to time and such offer shall be made to any person including domestic/foreign investors, Foreign Institutional Investors, Qualified Institutional Buyers, Trusts, Mutual Funds, Banks, Insurance Companies, Pension Funds etc. whether they be holders of the Equity Shares of the Company or not.

The Special Resolution also seeks to empower the Board, which term shall include any committee thereof, to undertake a qualified institutional placement with qualified institutional buyers as defined by SEBI ICDR Regulations. The Board of Directors may in its discretion adopt this mechanism as prescribed under Chapter VIII of the SEBI ICDR Regulations for raising the funds for the above purposes.

The pricing of the issue would be subject to SEBI ICDR Regulations as the same cannot be decided except at a later stage and therefore it is not possible to state the price or the exact number of Securities or shares to be issued. For the reasons aforesaid, an enabling resolution is proposed to be passed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. The Securities issued pursuant to the offering(s) would be listed on the Indian Stock Exchanges and/or Internationally Recognised Stock Exchange as may be required.

Section 81(1A) of the Companies Act, 1956 and the relevant clauses of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed provides, *inter alia*, when it is proposed to increase the issued capital of the Company by allotment of the further shares, such further shares shall be offered to the existing shareholders of the Company in a manner laid down in Section 81 unless the shareholders in general meeting decide otherwise. Since the Special Resolution proposed in the Notice relates to issue of shares to persons other than existing shareholders of the Company, consent of the shareholders of the Company is being sought in terms of Section 81(1A) and other applicable provisions of the Companies Act, 1956.

Accordingly, the consent of the shareholders of the Company is being sought, pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956 ("Act"), SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations**") and in terms of the provisions of the Listing Agreements, to issue and allot Securities as stated in the Special Resolution.

The Company is proposing to issue Securities to the Qualified Institutional Buyers to augment its capital and to accelerate further growth, fund various expansion plans, meeting long-term working capital requirements to finance investment opportunities for this purpose seeks your approval to the resolutions proposed.

As per Chapter VIII of the said SEBI ICDR Regulations, issue of Securities, on QIP basis, can be made at a price not less than the average of the weekly high and low of the closing prices of the Securities quoted on a stock exchange during the two weeks preceding the Relevant Date. The "**Relevant Date**" means the date of the meeting in which the Board or the Committee of Directors duly authorised by the Board, decides to open the proposed issue.

The exact price, proportion, timing and terms of the issue of Securities under the QIP will be decided by the Board based on the analysis of specific requirements in consultation with the merchant bankers to the QIP in accordance with the SEBI ICDR Regulations and other applicable guidelines issued by any statutory authority (ies). The allotment of Securities will be made within a period of one year from the date of passing of the aforesaid Special Resolution excluding the time taken in obtaining the necessary approvals, if any, or within such further period as may be prescribed or allowed by the SEBI, Stock Exchange(s) or other concerned authorities.

None of the Directors of the Company is interested or concerned in the said resolution.

Registered Office:
Naroda Road,
Ahmedabad-380 025

By Order of the Board
SANJAY S. LALBHAI
Chairman & Managing Director

Date : 20th May, 2011

Directors' Report

To the Members,

Your Directors are pleased to present the Annual Report along with the Audited Financial Statements for the period from 1st April, 2010 to 31st March, 2011.

1. FINANCIAL RESULTS

Highlights of Financial Results for the year are as under:

₹ in Crores

	2010-11	2009-10
Turnover & Operating Income	2691.22	2316.89
Profit before Depreciation, Interest, Exceptional Items & Taxation	445.55	321.27
Less: Interest and Finance costs	194.59	155.47
Gross Profit after Interest & Finance costs but before Depreciation, Exceptional Items & Taxation	250.96	165.80
Less: Depreciation/Impairment	116.16	113.80
Profit before Tax	134.80	52.00
Less: Current Tax	26.84	8.77
Add: MAT Credit Entitlement	(26.84)	(8.77)
Profit for the year	134.80	52.00
Balance of Profit brought forward	314.42	282.34
Less: Adjustment due to Demerger	0.00	0.43
Less: Transfer to Capital Redemption Reserve	0.00	19.80
Add: Transfer from Debenture Redemption Reserve	0.90	1.20
Balance Available for Appropriation	450.12	315.31
Your Directors appropriate the same as under:		
Interim Dividend on Preference Shares paid	0.00	0.76
Tax on Interim Dividend	0.00	0.13
Balance carried forward to next year	450.12	314.42
Total	450.12	314.42

2. OPERATIONS :

Your Directors are pleased to report that during the year 2010-11, the Company has achieved best financial performance in the recent past. While revenue has grown by 16%, EBIDTA has grown by 33% and Net Profit has grown by 159% at ₹ 135 crores as against Net Profit of ₹ 52 crores in the previous financial year. The strong performance of Denim and Shirting Fabrics which achieved 17% growth in revenue has been key drivers of the growth. Despite sharp increase in raw material cost, the Company has been able to expand EBIDTA margin which demonstrates the pricing power enjoyed by the Company in the domestic as well as export markets. Further significant operational efficiency gains have also contributed to higher profitability margins.

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

3. DIVIDEND

Keeping in mind the need to conserve resources, your Directors do not recommend any dividend on Equity Shares for the year.

4. FINANCE

During the year, the Company has repaid the installments of Term Loans amounting to ₹ 86 crores falling due during the current year. The Company has also made fresh borrowings of ₹ 92 Crores for funding capital expenditure and other requirements. Long Term Debt including lease of the Company stands to ₹ 988 crores as on 31st March, 2011.

5. EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Company has instituted the Employees Stock Option Scheme (ESOS) to grant equity based incentives to certain eligible employees and directors of the Company and its subsidiary companies. 27.50 lacs options were granted to certain eligible employees and directors of the Company and its subsidiary companies by the Remuneration Committee at an exercise price of ₹ 14.65 each, representing one share for each option upon exercise. The details as per the requirements of SEBI Guidelines are annexed and form part of this report.

6. SUBSIDIARIES

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

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

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

7. DIRECTORS

Your Directors express their grief at the sad demise of Mr. Tarun Sheth on 18th July, 2010 who had served the Company as a Director for 5 years and place on record their highest sense of appreciation for the valuable services rendered by him to the Company.

Dr. Bakul Dholakia was appointed as an Additional Director of the Company on 21st July, 2010.

Ms. Renuka Ramnath was appointed as an Additional Director of the Company on 28th October, 2010. She holds office only upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956. The Company has received a notice from a member of the Company intending to propose her as a Director on the Board.

At the ensuing Annual General Meeting, Mr. Sanjay S. Lalbhai and Mr. Sudhir Mehta, Directors of the Company, retire by rotation, but being eligible, offer themselves for re-appointment.

8. CORPORATE GOVERNANCE

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

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

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

9. RESPONSIBILITY STATEMENT

The Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
2. such accounting policies have been selected and applied consistently and such judgements and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2011 and of the profit of the Company for that period;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the statements of accounts for the year ended on 31st March, 2011 have been prepared on a going concern basis.

10. FIXED DEPOSITS

The Company has not accepted or renewed any deposits during the year. There are no outstanding and overdue deposits as at 31st March, 2011.

11. INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND EMPLOYEES

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

12. AUDITORS

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

13. ACKNOWLEDGEMENT

Your Directors would like to appreciate the efforts of the Company's employees for their continued co-operation and unstinted support extended to the Company. The support of all lenders including Financial Institutions, Commercial Banks, Overseas Banks and vendors and buyers has also been invaluable to the Company's performance and your Directors take this opportunity to appreciate it deeply.

By Order of the Board

Place : Ahmedabad
Date : 20th May, 2011

SANJAY S. LALBHAI
Chairman and Managing Director

Annexure to the Directors' Report

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

1	Number of Options Granted	Nil
2	Pricing Formula	-
3	Number of Options Vested	23,72,500
4	Number of Options Exercised	23,72,500
5	Total Number of Shares arising out of Exercise of Options	23,72,500
6	Number of Options Lapsed	NIL
7	Variation in the terms of the Options	No variations made.
8	Money Realized by Exercise of Options	₹ 3,47,57,125/-
9	Total number of Options in Force	2,32,500 options
10	Employee wise Details of Options Granted to -	
a	Senior Management Personnel	Nil
b	Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year	Nil
c	Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil
11	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 – Earnings Per Share	₹ 5.63
12	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Company accounts for options under the intrinsic value method. Since options are granted at market price, the intrinsic value is Nil. However, if fair value of the options (computed using the Black Scholes Option Pricing Model) was to be used for calculating the accounting value of the option, the compensation cost would have been ₹ 75.00 lacs and the profits would have been lesser by ₹ 75.00 lacs. Basic and diluted EPS would have reduced to ₹ 5.604 and ₹ 5.601 respectively.
13a	Weighted Average Exercise Prices for options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price	₹ 14.65 Nil Nil
13b	Weighted Fair Values for options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price	₹ 7.26 Nil Nil
14	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: – i. risk free rate ii. expected life iii. expected volatility iv. expected dividends and v. the price of the underlying share in the market at the time of option grant.	Black Scholes Option Pricing Model. The assumptions are as under – 7.61% 4.01 years 54.53% 0.28% ₹ 14.65

Corporate Governance Report

Company's Philosophy on Code of Governance

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

Board of Directors

Composition of the Board

The Board has 8 Directors, comprising of 2 Executive Directors viz. 1 Managing Director and 1 Director and Chief Financial Officer and 6 Non- Executive Directors. The Non-Executive Directors who are also Independent Directors are leading professionals from varied fields who bring in independent judgment to the Board's discussions and deliberations.

The following is the Composition of the Board as at 31st March, 2011:

Sr. No.	Name of Director	Executive/Non-executive/Independent	No. of other Directorships in Public Limited Companies	No. of other Board/ Committees of which Member / Chairman
1	Mr. Sanjay S. Lalbhai	Executive-Chairman & Managing Director	5	-
2	Mr. Jayesh K. Shah	Executive-Director and Chief Financial Officer	11	-
3	Mr. Sudhir Mehta	Non-executive-Independent Director	4	3 as Chairman and 1 as Member
4	Mr. Tarun Sheth*	Non-executive-Independent Director	-	-
5	Dr. Bakul Dholakia**	Non-executive-Independent Director	2	4 as a Chairman
6	Mr. R. W. Khanna	Non-executive-Independent & Nominee Director of EXIM Bank of India	2	-
7	Mr. G. M. Yadwadkar	Non-executive-Independent & Nominee Director of IDBI Bank Limited	1	1 as Member
8	Mr. Munesh Khanna	Non-executive-Independent Director	3	1 as Member
9	Ms. Renuka Ramnath***	Non-executive-Independent Director	-	-

* Mr. Tarun Sheth, a Non-executive-Independent Director has ceased to be a Director due to death on 18th July, 2010.

** Dr. Bakul Dholakia has been appointed as a Non-executive-Independent Director with effect from 21st July, 2010.

*** Ms. Renuka Ramnath has been appointed as a Non-executive-Independent Director with effect from 28th October, 2010.

Board Agenda

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

- Annual Budgets and Updates thereon.
- Capital Expenditure Proposals and review of their Implementation.
- Quarterly and Annual Results.
- Product-wise Business Performance.
- Business Presentations covering Production, Marketing, Raw Materials, Sales, etc.
- New Projects and Joint Ventures.
- Sales of Material Nature of Investments, Subsidiaries, Assets, etc. which are not in the normal course of business.
- Performance of Subsidiaries.
- Business Restructuring.
- Legal Proceedings involving the Company.
- Minutes of Meetings of Audit Committee, Management Committee, Remuneration Committee and Investors' Grievance Committee.
- Materially Important Show Cause Notices, Non-Compliances, if any, etc.
- Other relevant information pertaining to the Company including information detailed in Clause 49 of the Listing Agreement.

Meetings and Attendance

During the year, the Board of Directors met 4 times on 29th May, 2010, 29th July, 2010, 28th October, 2010 & 27th January, 2011. The gap between two Board Meetings was within the maximum time gap prescribed in Clause 49 of the Listing Agreement. The Attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under:

Sr. No.	Name of Director	Number of Board Meetings held during the period when the Director was on the Board	Number of Board Meetings attended	Whether present at the previous AGM
1	Mr. Sanjay S. Lalbhai	4	4	Yes
2	Mr. Jayesh K. Shah	4	4	Yes
3	Mr. Sudhir Mehta	4	3	No
4	Mr. Tarun Sheth*	1	-	N.A.
5	Dr. Bakul Dholakia**	3	3	Yes
6	Mr. R. W. Khanna	4	3	No
7	Mr. G. M. Yadwadkar	4	2	No
8	Mr. Munesh Khanna	4	2	Yes
9	Ms. Renuka Ramnath***	2	-	N.A

* Mr. Tarun Sheth, a Non-executive-Independent Director has ceased to be a Director due to death on 18th July, 2010.

** Dr. Bakul Dholakia has been appointed as a Non-executive-Independent Director with effect from 21st July, 2010.

*** Ms. Renuka Ramnath has been appointed as a Non-executive-Independent Director with effect from 28th October, 2010.

Committees of the Board

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

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

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

1. Audit Committee

The Audit Committee of the Company comprises of 4 members, all of whom are Non-Executive Independent Directors. Mr. Munesh Khanna, an Independent Director acts as Chairman of the Committee. The Committee members are professionals having requisite experience in the fields of Finance and Accounts, Banking and Management.

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

Role

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.

- (e) Compliance with listing and other legal requirements relating to financial statements.
- (f) Disclosure of any related party transactions.
- (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

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

14. Management discussion and analysis of financial condition and results of operations.
15. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
16. Management letters / letters of internal control weaknesses issued by the statutory auditors.
17. Internal audit reports relating to internal control weaknesses; and
18. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
19. To look into any other matter which may be referred to it by the Board.
20. In addition to the above, the Committee shall have such functions/role/powers as may be specified in the Companies Act, Listing Agreement with Stock Exchanges or any other applicable law.

Meetings and Attendance

During the year, 4 Audit Committee Meetings were held on 29th May, 2010, 29th July, 2010, 28th October, 2010 & 27th January, 2011. The Attendance of Members at meetings was as under:

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1	Mr. Tarun Sheth*	Member	1	–
2	Mr. Munesh Khanna	Chairman	4	2
3	Mr. R. W. Khanna	Member	4	3
4	Mr. G. M. Yadwadkar	Member	4	2
5	Mr. Sudhir Mehta**	Member	1	1
6	Dr. Bakul Dholakia***	Member	3	3

* Mr. Tarun Sheth, a Non-executive-Independent Director has ceased to be a member of the committee due to death on 18th July, 2010.

** Mr. Sudhir Mehta was appointed as a member of the Committee only for the meeting held on 29th May, 2010.

*** Dr. Bakul Dholakia (Non-executive-Independent Director) has been appointed as a Member of the Committee with effect from 21st July, 2010.

2. Remuneration Committee

The Board of Directors of the Company has constituted a Remuneration Committee consisting of 3 Directors, all of whom are Non-Executive Independent Directors. The Remuneration Committee did not meet during the year.

Role

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

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

Meetings and Attendance

No meeting was held during the period 1st April, 2010 to 31st March, 2011.

Remuneration of Directors

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

The Remuneration Committee and the Board of Directors at their respective meetings held on 30th October, 2009 and shareholders at their Annual General Meeting held on 25th September, 2010 have approved remuneration payable to Mr. Sanjay S. Lalbhai, Chairman and Managing Director of the Company for a period of three years from 1st January, 2010 to 31st December, 2012. The Company has entered into an agreement with him laying down his tenure, remuneration and other terms.

The Remuneration Committee and the Board of Directors at their respective meetings held on 20th May, 2011 have approved remuneration payable to Mr. Jayesh K. Shah, Whole-time Director with designation as Director and Chief Financial Officer of the Company for a period of three years from 1st October, 2011 to 30th September, 2014 subject to approval of the shareholders at the ensuing Annual General Meeting. The Company will enter into an agreement with him laying down his tenure, remuneration and other terms.

The remuneration of Non-Executive Directors is determined by the Board and is also approved by the Shareholders in General Meeting. Non-Executive Directors were paid Sitting Fees of ₹ 5,000/- for every meeting of Board of Directors or Committee attended by them. Apart from this, Non-Executive Directors (other than Managing Director and Whole Time Director(s)) are entitled for commission not exceeding 1% of the net profits of the Company per annum for each year for a period of 5 years commencing from 1st April, 2010.

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

Sr. No.	Name of Director	Salary ₹	Perquisites & Allowances ₹	Sitting Fees ₹	Commission/ Bonus ₹	Total ₹
1	Mr. Sanjay S. Lalbhai (Chairman & MD)	4500000.00	9620136.20	NIL	1250000.00	26620136.20
2	Mr. Jayesh K. Shah	3450000.00	7918443.00	NIL	860000.00	19968443.00
3	Mr. Sudhir Mehta	NIL	NIL	30000.00	500000.00	530000.00
4	Mr. Tarun Sheth*	NIL	NIL	NIL	NIL	NIL
5	Dr. Bakul Dholakia**	NIL	NIL	40000.00	417535.00	457535.00
6	Mr. R. W. Khanna	NIL	NIL	30000.00	600000.00	630000.00
7	Mr. G. M. Yadwadkar	NIL	NIL	20000.00	600000.00	620000.00
8	Mr. Munesh Khanna	NIL	NIL	20000.00	600000.00	620000.00
9	Ms. Renuka Ramnath***	NIL	NIL	NIL	169863.00	169863.00

* Mr. Tarun Sheth, a Non-executive-Independent Director has ceased to be a Director due to death on 18th July, 2010.

** Dr. Bakul Dholakia has been appointed as a Non-executive-Independent Director on 21st July, 2010.

*** Ms. Renuka Ramnath has been appointed as a Non-executive-Independent Director on 28th October, 2010.

3. Investors' Grievance Committee

The Investors' Grievance Committee has 4 Members comprising of 2 Non-Executive Directors and 2 Executive Directors.

Role

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

1. To specifically look into the Redressal of Investors' Grievances pertaining to:
 - Transfer of Shares and Debentures
 - Dividends, Interests and Redemption Proceeds of Debentures
 - Dematerialisation of Shares and Debentures
 - Replacement of Lost, Stolen, Mutilated Share and Debenture Certificates
 - Non-receipt of Rights, Bonus, Split Share Certificates
2. To look into other related issues towards strengthening Investors' Relations.
3. To consider and approve Issuance of Share/Debenture Certificates including Duplicate Share/Debenture Certificates.
4. To look into the reasons for any defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of Non-Payment of Declared Dividends) and Creditors.

Meetings and Attendance

During the year, 3 Investors' Grievance Committee Meetings were held on 29th July, 2010, 28th October, 2010 & 27th January, 2011. The Attendance of Members at meetings was under:

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

* Mr. Tarun Sheth, a Non-executive-Independent Director has ceased to be a member of the committee due to death on 18th July, 2010.

** Dr. Bakul Dholakia (Non-executive-Independent Director) has been appointed as a Member of the committee with effect from 29th July, 2010.

4. Management Committee

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

Role

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

Meetings and Attendance

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

The Attendance of Members at meetings was as under:

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

Brief Resume of Directors seeking Re-appointment/ Appointment

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

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

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

Mr. Sanjay S. Lalbhai

Mr. Sanjay S. Lalbhai, 57 years, is the Chairman and Managing Director of the Company. He is a Science Graduate with a Master's degree in Business Management. He has been associated with the Company for almost 32 years and has been Managing Director for the last 26 years.

He is not related to any Director of the Company.

Sr. No.	Name of the Company in which holding Directorship	Name of the Committee	Committee Membership
1	Arvind Retail Limited	-	-
2	Arvind Lifestyle Brands Limited	-	-
3	Amol Dicalite Limited	-	-
4	Torrent Pharmaceuticals Limited	-	-
5	Arvind Brands & Retail Limited	-	-
6	Arvind Worldwide INC. USA.	-	-
7	Arvind Worldwide (Mauritius) INC.	-	-
8	The Arvind Overseas (Mauritius) Limited	-	-
9	Arvind Textile Mills Limited, Bangladesh	-	-
10	Arvind Spinning Limited, Mauritius	-	-
11	Ananya Investments Private Limited	-	-
12	Animesh Holding Private Limited	-	-

Mr. Sudhir Mehta

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

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

He is not holding any equity shares of the Company and not related to any Director of the Company.

Sr. No.	Name of the Company in which holding Directorship	Name of the Committee	Committee Membership
1	Torrent Power Limited	Nomination and Remuneration Committee	Member
2	Torrent Pharmaceuticals Limited	Securities Transfer & Investor Grievance Committee	Chairman
3	Torrent Private Limited	-	-
4	Torrent Energy Limited	Audit Committee	Chairman
5	Torrent Pipavav Generation Limited	Committee of Directors	Chairman
6	Diamond Infrastructure Private Limited	-	-

Prevention of Insider Trading

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

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

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

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

Disclosures

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

Transactions with related parties are disclosed in detail in Note No. 22 in “Notes forming part of the Accounts” annexed to the financial statements for the year. There were no related party transactions having potential conflict with the interest of the Company at large.

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

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

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

The Company has not adopted the non-mandatory requirements.

Shareholders’ Information

1. Name and Designation of Compliance Officer:

Ramnik V. Bhimani Company Secretary Arvind Limited	Mr. Nitin Joshi Senior Executive Sharepro Services (India) Private Limited Registrars & Transfer Agents
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2. Details of Complaints / Queries received and redressed during 1st April, 2010 to 31st March, 2011:

Sr. No.	Particulars of Complaints / Queries	Received	Redressed	Pending as on 31.3.2011
1	Non-receipt of Share Certificates	6	6	Nil
2	Non-receipt of Dividend /Interest Warrants	8	8	Nil
3	Confirmation of Demat Credit	Nil	Nil	Nil
4	Non-receipt of Debentures Redemption Payment	Nil	Nil	Nil
5	Non-receipt of Letter of Offer, Allotment Advice, Share Certificates etc. for Rights Issue & Others	NA	NA	NA
6	Others – Complaints received from SEBI, Stock Exchanges, NSDL, ROC, Company Law Board etc.	33	33	Nil
	Total	47	47	Nil

3. Share Transfer Details for the period from 1st April, 2010 to 31st March, 2011:

Transactions	Physical	Demat	Total
Number of Transfers	507	1654	2161
Average Number of Transfers per month	42	138	180
Number of Shares Transferred	49369	14410888	14460257
Average Number of shares Transferred per month	4114	1200907	1205021
No. of Pending Share Transfers	NIL	NIL	NIL

4. Investors’ Grievances:

The Registrars and Transfer Agents under the supervision of the Secretarial Department of the Company look after investors’ grievances. Mr. Nitin Joshi of Sharepro Services (India) Private Limited is responsible for redressal of Investors’ Grievances. The Company secretary of the Company has been appointed as the Compliance Officer for this purpose. At each Meeting of the Investors’ Grievance Committee, all matters pertaining to investors including their grievances and redressal are reported.

5. Information on General Body Meetings:

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

Date	Time	Venue
25th September, 2010	10.30 a.m.	Thakorebhai Desai Hall, Nr.Law Garden, Ellisbridge, Ahmedabad-380006
25th September, 2009	11.00 a.m.	Thakorebhai Desai Hall, Nr.Law Garden, Ellisbridge, Ahmedabad-380006
31st July, 2008	12:30 p.m.	Thakorebhai Desai Hall, Nr.Law Garden, Ellisbridge, Ahmedabad-380006

(ii) Special Resolutions passed at the last 3 Annual General Meetings:**2009-10**

1. Re-appointment of and payment of remuneration to Mr. Sanjay S. Lalbhai as Chairman and Managing Director of the Company for a further period of three years from 1st January, 2010 to 31st December, 2012.
2. Payment of commission to Non-Executive Directors including Nominee Directors of the Company for a period of 5 years from 1st April, 2010 to 31st March, 2015.

2008-09

1. Appointment of Mr. Kulin Lalbhai in the office or place of profit in the Company under Section 314 of the Companies Act, 1956.
2. Partial Utilisation of Securities Premium Account not exceeding ₹ 60 crores to set off certain one time expenses subject to confirmation of the Honourable High Court of Gujarat.

2007-08

1. Approval of terms of re-appointment of Mr. Jayesh K. Shah as Whole-time Director with the designation of Director and Chief Financial Officer of the Company for a further period of three years from 1st October, 2008 to 30th September, 2011.
2. Appointment of Mr. Punit Lalbhai in the office or place of profit in the Company under Section 314 of the Companies Act, 1956.

(iii) No resolutions were passed through Postal Ballot during the previous year.**Details of Extra Ordinary General Meetings:**

During last 3 years, One Extra Ordinary General Meetings was held as under:

Date	Time	Venue
12th May, 2009	10:00 AM	Thakorebhai Desai Hall, Nr.Law Garden, Ellisbridge, Ahmedabad-380006

6. Means of communication

- i. The Quarterly Results are published in the Financial Express - All India Editions and Financial Express Gujarati Edition of Ahmedabad and are also posted on the Company's website at www.arvind.com.
- ii. Information released to the press at the time of declaration of results is also sent to all Stock Exchanges where the shares of the Company are listed for the benefit of investors. Moreover, the Company's web-site hosts a special page giving information which investors usually seek.
- iii. Presentations made to institutional investors/analysts are posted on the Company's web-site at www.arvind.com.

7. Annual General Meeting:

Date	30th September, 2011
Time	10:30 a.m.
Venue	Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006

8. Financial Calendar:

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

First quarter results	: By end of July, 2011
Second quarter results	: By end of October, 2011
Third quarter results	: By end of January, 2012
Fourth quarter results/Year end results	: Second Week of May, 2012

9. Book Closure: Saturday, the 24th September, 2011 to Friday, 30th September, 2011 (Both days inclusive).**10. Dividend payment Date:** Not Applicable as the Board has not recommended any dividend on equity shares for the financial year.**11. Listing on Stock Exchanges:** Shares of the Company are listed on the following Stock Exchanges.

Sr. No.	Name of the Stock Exchange	Code	Address
1	Ahmedabad Stock Exchange Limited (Regional Stock Exchange)	05090	Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad-380 015
2	Bombay Stock Exchange Limited	500101	Phiroze Jeejeebhoy Tower, Dalal Street Mumbai - 400 001

Sr. No.	Name of the Stock Exchange	Code	Address
3	National Stock Exchange of India Limited	ARVIND	Exchange Plaza, 5th Floor, Plot No.C/1, G. Block, Bandra – Kurla Complex, Bandra (E) Mumbai – 400 051
4	The Luxembourg Stock Exchange (Listing of GDRs)		11, Avenue de la Porte-Neuve L-2227 Luxembourg

The Company has paid Annual Listing Fees for the year 2011-12 to the above Stock Exchanges.

12. Market Price Data:

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

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

Month	Share price BSE		BSE Sensex		Volumes No. of Shares	Share price NSE		NSE (NIFTY)		Volumes No. of Shares
	High (₹)	Low (₹)	High	Low		High (₹)	Low (₹)	High	Low	
Apr-10	37.70	32.90	18047.86	17276.80	15065368	37.70	32.95	5399.65	5160.90	21716304
May-10	37.20	30.10	17536.86	15960.15	6071400	37.20	30.20	5278.70	4786.45	10659996
Jun-10	36.80	30.15	17919.62	16318.39	11929431	36.80	30.00	5366.75	4961.05	19368320
Jul-10	36.45	33.75	18237.56	17395.58	10047147	36.50	33.30	5477.50	5225.60	16105962
Aug-10	44.65	34.35	18475.22	17819.99	40697379	44.60	34.25	5549.80	5348.90	69306310
Sep-10	47.20	41.05	20267.98	18027.12	22977637	47.25	41.00	6073.50	5403.05	36872411
Oct-10	62.50	44.30	20845.55	19768.96	71780088	62.60	44.35	6284.10	5937.10	125472676
Nov-10	68.60	48.35	21108.64	18954.82	26978313	68.70	48.20	6338.50	5690.35	51184706
Dec-10	73.90	46.05	20552.03	19074.57	32135554	73.85	46.30	6147.30	5721.15	60885132
Jan-11	74.50	57.80	20664.80	18038.48	25659164	74.85	53.20	6181.05	5416.65	50188248
Feb-11	64.80	51.15	18690.97	17295.62	13805431	64.80	51.10	5599.25	5177.70	23902207
Mar-11	69.75	51.50	19575.16	17792.17	17171605	69.90	51.25	5872.00	5348.20	31926903

13. Registrars and Transfer Agents:

Sharepro Services (India) Private Limited
416-420, 4th Floor, Devnandan Mall,
Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006
Contact Persons: Mr. Nitin Joshi
Phone Nos.: 079-26582381 to 84
Fax No.: 079-26582385
E-mail: sharepro.ahmedabad@shareproservices.com

14. Delegation of Share Transfer Formalities:

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

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

15. Shareholding Pattern as on 31st March, 2011:

Sr. No.	Category	No. of shares held	Percentage of Shareholding
	Holding of Promoter Group ('Group' as per MRTP Act, 1969)		
1	Individuals:		
	Mr. Sanjay S. Lalbhai	3000152	1.18
	Mr. Samveg A. Lalbhai	213654	0.08
	Mr. Shrenik K. Lalbhai	1414	0.00
	Relatives of above Individuals*	107668	0.05
2	Major Bodies Corporate and Trusts:		
	Aura Securities Private Limited	85238882	33.51
	AML Employees' Welfare Trust	6327624	2.49

Sr. No.	Category	No. of shares held	Percentage of Shareholding
	Agrimore Limited	175000	0.07
	Amazon Investments Private Limited	1792158	0.70
	Acropolis Investments Limited	424199	0.17
	Aeon Investments Private Limited	1126200	0.44
	Anshuman Holdings Private Limited	400000	0.16
	Anubhav Investments Private Limited	996815	0.39
	Atul Limited	4127471	1.62
	Anukul Investments Private Limited	0	0.00
	Ameer Trading Corporation Limited	0	0.00
	Adore Investments Private Limited	130995	0.05
	Amardeep Holdings Private Limited	94250	0.04
	Sanjay Family Trust	100	0.00
	Lalbhai Realty Finance Private Limited	0	0.00
	Anagram Knowledge Academy Limited	0	0.00
	Swetratna Trading & Investment Private Limited	6600000	2.59
	Shruti Trade Link Private Limited	0	0.00
	Total Promoter Group Holding	110756582	43.54
	Non-Promoter Holding		
3	Mutual Funds and UTI	17635964	6.93
4	Banks, Financial Institutions, Insurance Companies	20842549	8.20
5	Foreign Institutional Investors, NRIs/OCBs, Foreign Banks	20465904	8.05
6	GDR	578092	0.23
7	Private Corporate Bodies	13119508	5.15
8	Indian Public	71001442	27.90
	Total Non-Promoter holding	143643459	56.46
	GRAND TOTAL	254400041	100.00

* The names of 'Relatives of above Individuals' are as per disclosures made as on 31st March, 2011 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

● **Distribution of shareholding as on 31st March, 2011:**

No. of shares	ELECTRONIC MODE		PHYSICAL MODE		TOTAL		TOTAL	
	No. of Holders	No. of Shares	No. of Holders	No. of Shares	No. of Holders	%	No. of Shares	%
1-500	133617	21105478	38520	2909160	172137	88.89	24014638	9.44
501-1000	11568	9587432	421	292868	11989	6.19	9880300	3.88
1001-2000	4907	7627013	120	160849	5027	2.60	7787862	3.06
2001-3000	1520	3949445	26	64951	1546	0.80	4014396	1.58
3001-4000	622	2236152	15	52854	637	0.33	2289006	0.90
4001-5000	703	3353211	13	58100	716	0.37	3411311	1.34
5001-10000	781	5912763	3	21889	784	0.40	5934652	2.33
Above 10001	798	196971357	6	96516	804	0.42	197067876	77.46
TOTAL	154516	250742851	39124	3657190	193640	100.00	254400041	100.00

16. Dematerialisation of Shares and Liquidity:

The Company's shares are available for dematerialisation on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shares of the Company are compulsorily to be delivered in the demat form on Stock Exchanges by all investors. As on 31st March, 2011, 250742851 shares representing 98.56% of the issued capital have been dematerialised by investors and bulk of transfers take place in the demat form.

Demat ISIN Number:

Equity Shares fully paid : INE034A01011

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

As on 31st March, 2011, 5,78,092 GDRs (previous year 6,73,192) are outstanding. Each GDR represents one underlying equity share.

18. Plant Locations:

- Lifestyle Fabrics – Denim, Naroda Road, Ahmedabad - 380 025, Gujarat .
- Lifestyle Fabrics – Shirting, Khakis & Knitwear, Santej, PO Khatrej, Taluka Kalol, Dist. Gandhinagar - 382 721, Gujarat.
- Lifestyle Apparel – Knits, Santej, PO Khatrej, Taluka Kalol, Dist. Gandhinagar - 382 721, Gujarat.
- Lifestyle Apparel – Shirts, 55, Puttappa Industrial Estate, Whitefield Road, Mahadevapura Post, Bangalore - 560 048.
- Lifestyle Apparel – Jeans, 26/2, 27/2 Kenchenahaili, Mysore Road, Near Bangalore University, Bangalore-560 059.

19. Unclaimed Dividend :

- (1) Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends upto and including the financial years 1993-94 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants relating to any financial year upto 1993-94 are requested to claim the amounts from the Registrar of Companies, Gujarat, ROC Bhavan, Near Ankur Bus Stand, Naranpura, Ahmedabad 380 013 in the prescribed form. Investors may write to the Secretarial Department of the Company or the Registrars and Transfer Agents for a copy of the form.
- (2) Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividends on equity shares for the financial years 1994-95 to 1997-98 remaining unclaimed for 7 years from their due dates have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amount of unclaimed or unpaid dividend transferred to IEPF.
- (3) The Company did not declare any dividends on equity shares for the financial years 1998-99 to 2003-04.

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

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

* Actual dates of transfer to IEPF may vary.

- (4) Members who have so far not encashed their dividend warrants in the respect of the above years are requested to claim their dividend from the Company. Such members may write to the Company's Registrars and Transfer Agents, Sharepro Services (India) Private Limited for payment of unclaimed dividend amount.
- (5) The Company did not declare any dividends on equity shares for the financial years 2006-07 to 2009-10.

20. Nomination Facility:

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

21. Address for Correspondence:

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

Arvind Limited Secretarial Department Naroda Road, Ahmedabad - 380 025. Phone Nos: 079-30138000/30138109 Fax No.: 079-30138668 e-mail : investor@arvind.com Web-site address: www.arvind.com	Sharepro Services (India) Private Limited Registrars and Transfer Agents 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006 Contact Persons: Mr. Nitin Joshi Phone Nos.: 079-26582381-to 84 Fax No.: 079-26582385 e-mail : sharepro.ahmedabad@shareproservices.com
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The above Report has been placed before the Board at its meeting held on 20th May, 2011 and the same was approved.

For and on behalf of the Board

Place : Ahmedabad

Date : 20th May, 2011

SANJAY S. LALBHAI

Chairman & Managing Director

Compliance of conditions of Corporate Governance

To the Members of Arvind Limited Ahmedabad

We have examined the compliance of conditions of Corporate Governance by ARVIND LIMITED, for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

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

Ahmedabad
20th May, 2011

CEO/CFO Certification

The Board of Directors
Arvind Limited
Ahmedabad.

Re : Financial Statements for the year 2010-11 – Certification by CEO and CFO

We, Sanjay S. Lalbhai, Chairman & Managing Director and Jayesh K. Shah, Director & Chief Financial Officer of Arvind Limited, on the basis of review of the financial statements and the cash flow statement for the financial year ending 31st March, 2011 and to the best of our knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2011 which are fraudulent, illegal or violative of the Company's Code of Conduct;
4. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies;
5. We further certify that :
 - (a) there have been no significant changes in internal control during this year;
 - (b) there have been no significant changes in accounting policies during this year;
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

Ahmedabad,
20th May, 2011

Sanjay S. Lalbhai
Chairman & Managing Director

Jayesh K. Shah
Director & CFO

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

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

I confirm that the Company has in respect of the Financial Year ended 31st March, 2011, received from the Members of the Board and Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

Ahmedabad
20th May, 2011

Sanjay S. Lalbhai
Chairman & Managing Director

Management Discussion & Analysis

DISCLAIMER

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

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

OVERVIEW OF THE ECONOMY

The growth of Indian economy has been very fast following the slowdown due to global financial crisis in 2007-09. As per quick estimated data released on 31st January 2011, growth of 2009-10 is estimated at 8.0 percent as compare to 8.6 percent in 2010-11 as per advance estimated data of Central Statistic Office (CSO) released on 7th February 2011, the turnaround was strong, with a rebound in agriculture and continued momentum in manufacturing. The deceleration in community, social and personal services, as also industry, remained a cause for concern. The medium to long-run prospect of the economy, including the industrial sector, however, continues to remain positive. On the demand side, a rise in savings and investment, and pick-up in private consumption resulted in strong growth of GDP at constant market prices at 9.7 per cent in 2010-11. The estimated level of growth in the GDP at constant 2004-05 prices at factor cost (real GDP) in 2010-11 was composed of: growth of 5.4 per cent in agriculture, growth of 8.1 per cent in industry, and a decelerated growth of 9.6 per cent in services.

Food items largely drove inflation, which remained at elevated levels for greater part of the year. Despite tightening of the money markets and moderate growth in deposits, the financial situation remained orderly with a pick-up in credit growth, vibrant equity market and stable foreign exchange market.

In last three years the Indian economy had been severely buffeted by two shocks in rapid succession—the onset of global financial crisis in 2007-09 and erratic monsoon resulting in drought in 2009-10. This period of economic stress severely tested the policymakers. Yet the Indian economy came through with resilience and strength, by following counter-cyclical macro-economic policies, structural measures to promote growth and social spending to provide a stronger foundation to protect the poor.

In tandem with world trade volumes, India’s exports fell rapidly following the deepening of the global financial crisis through 2008-09. The exports, however, rose in the second half of 2009-10, which continued through 2010-11 until June 2010. Thereafter, growth decelerated till October 2010 and picked up subsequently to reach 36.4 per cent in December 2010, which is the highest growth in last

two years. The cumulative export growth in April-December 2010-11 was 29.5 per cent and reached \$ 164.7 billion during the period. India’s merchandise imports, also affected by the global recession, fell to \$288.4 billion with a negative growth of -5.0 per cent in 2009-10. Trade deficit (on customs basis) increased by 2.4 per cent to \$82 billion in 2010-11 (April-December). The lower level of surpluses on the invisible balance, the relatively higher import growth compared to export growth in first half of 2010-11 raised concerns of unsustainable current account deficit levels.

Indian Textile Industry

The last year i.e. 2010-11 was a commendable year after the previous challenging year for the Indian textiles industry. Even as the Indian economy recovered rapidly from the slowdown caused by the global financial crisis, inflationary trends and volatility in commodity prices led to strong demand side pressures.

The US\$ 70 billion Indian textile industry contributes about 14 per cent to industrial production, 4 per cent to the country’s Gross Domestic Product (GDP) and 17 per cent to the country’s export earnings, according to the Annual Report 2009-10 of the Ministry of Textiles. The Textile Industry is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

As on 30.9.2010, there were 1896 Cotton/Man-made Fibre Textile Mills (non-SSI) in the country with an installed capacity of 38.53 million spindles 5,18,000 rotors and 57,000 looms.

Production of Cloth in Mill Sector

MILL SECTOR (in million sq. metre)

Item	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11 (P) April-Oct
Cotton	969	1072	1192	1305	1249	1259	1419	808
Blended	253	243	252	330	422	426	475	272
100% Non Cotton	212	211	212	111	110	111	67	49
Total	1434	1526	1656	1746	1781	1796	1961	1130

Cotton and Cotton Yarn

The prices of cotton and yarn have increased in the country during the current year 2010-11 as compared to previous years by almost 100%. The average prices of cotton are:

Average price of selected variety of Lint Cotton

(₹/Quintal)

Cotton variety	2008-09	2009-10	2010-11 (upto January, 11)
J34	6126	7599	11206
H-4/Mech-I	6100	7806	11698
S-6/S-4	6307	7990	12014
DCH-32	8635	11740	15023
LRA-5166	5995	7518	11411

The production of raw cotton has increased from 290 lakh bales in season 2008-09 to 295 lakh bales in 2009-10 and is estimated to grow to 329 lakh bales in 2010-11. The production of cotton yarn has shown an increase of 12.6% in 2010-11 (April to December) as compared to 2009-10 (April-December).

Technology Upgradation Fund Scheme (TUFS)

The Government has restructured the Technology Upgradation Fund Scheme (TUFS) – the flagship scheme of Ministry of Textiles for upgradation of technology in the textile and jute sectors. Recently, Ministry of Textiles has issued the Government Resolution on Restructured Technology Upgradation Fund Scheme for the period 28.04.2011 to 31.03.2012 (both the days inclusive) with an overall subsidy cap of ₹ 1,972 crores during the period. The Government Resolution lays down the financial and operational parameters and implementation mechanism for the Restructured TUFS.

There will be an overall subsidy cap of ₹ 1,972 crores from the date of this Resolution to 31.03.2012, which is expected to leverage an investment of ₹ 46,900 crores, with sectoral investment shares of 26% for spinning, 13% for weaving, 21% for processing, 8% for garmenting and 32% for others.

Indian Retail Market

Total retail sales in India will grow from US\$ 395.96 billion in 2011 to US\$ 785.12 billion by 2015, according to the Business Monitor International (BMI) India Retail Report for the second-quarter of 2011. Strong underlying economic growth, population expansion, the increasing wealth of individuals and the rapid construction of organized retail infrastructure are key factors behind the forecast growth. With the expanding middle and upper class consumer base, there will also be opportunities in India's tier II and III cities. Organized retail in India is expected to increase from 5 per cent of the total market in 2008 to 14-18 per cent and reach US\$ 450 billion by 2015, according to a McKinsey & Company report titled 'The Great Indian Bazaar: Organised Retail Comes of Age in India'.

According to the report by McKinsey, India is the only market in the world where men's apparel (around 40%) is much larger category than women's (around 30%). Also, in women's wear, ethnic apparel (Salwar Kameez and the Saree) constitute around 90% of the total spending. Men's apparel will likely continue to account 40% to 50% of the apparel market in 2015. At current rate of adoption, no-ethnic apparel for women is likely to comprise less than 10% of the market in 2015. According to the report, in the absence of adequate information, quality control and trust in retailers, people use brands as a proxy for all these. In apparel, brands serve as a proxy for the latest fashion as well as the right quality.

RESULT REVIEW

The Financial year 2010-11 proved to be a superior year for your company. The demand for denim and shirting fabrics is robust inspite of increase in cotton prices by almost 100% during the year. Company has closed the financial year 2010-11 with 15% growth in sales and 38% growth in Operating Earnings before Interest Depreciation and Taxes (Operating EBITDA). Company's PAT has shown a substantial rise by 156% compared to the previous year.

The standalone financials of the company is as under:

(₹ in Crores)

Particulars	Year ended 31 march				% Change
	2011		2010		
	Amount	% of Sales	Amount	% of Sales	
Net Sales & Operating Income	2,691.22		2,316.89		16%
Other income	34.51		11.83		192%
Total Income	2,725.73		2,328.72		17%
Material Cost	1,233.35	46%	1,035.12	45%	19%
Manpower Cost	273.90	10%	240.90	10%	14%
Other expenses	772.93	29%	731.43	32%	6%
Total Expenditure	2,280.18	85%	2,007.45	87%	14%
EBITDA	445.55	17%	321.27	14%	39%
Depreciation	116.16	4%	113.80	5%	2%
Interest and Finance Cost	194.59	7%	155.47	7%	25%
PAT	134.80	5%	52.00	2%	159%

Revenue, Sales and Operating Income

Revenue of the Company under review increased by 17% compared to previous year. Sales and operating income also increased by 16%. Company's Fabric revenue from Denim and shirting business shown a growth of 26% and 23% respectively in terms of sales and 6% and 12% in terms of volume. Fabric revenue grew by whopping 28% compared to previous year whereas revenues from the apparel business went down by 42% on the closure of one of the knits garmenting facility as well as decrease in jeans volume. Other income in largely is because of sale of land.

Raw Materials

The raw material cost in absolute terms has increased by around 19% compared to the previous year. But the raw material cost, as a percentage to sales, was higher by marginally 1% during the year. In this scenario of rising price, company is able to keep its raw-material to sales ratio intact because of its improved buying efficiency and correctly timing the market. Further economies of scale and blending of various types of yarns helped in achieving the same. In addition to this because of robust demand, company is able to pass through the increase in the prices of Cotton and Yarn to its customers.

Direct Materials

The direct materials largely include Dyes & Chemicals which were marginally lower than last year at ₹ 193 crores due to change in the product mix and appreciation of rupee during the year.

Power cost this year has gone up by 17% in absolute value owing to the increased overall volume of the company as well as there has been a continuous rise in prices of Gas.

Man Power Cost

The salaries and wages figure for the year is higher by 14% in absolute value. However, Manpower cost, as a percentage to sales, was constant at 10% compared to previous year. Further, it is expected that because of new capacity addition, this cost in proportion to sales will reduce in the coming years.

Other Costs

The other costs have gone up by 6% in absolute terms. But, other cost, as a percentage to sales reduced from 32% to 29% during the current year largely because of economies of scale.

Operating Margins (Profit)

During the year under review, company's EBITDA margin increased from 14% in the previous year to 17 % in the current year. The major variable attributing to the rise in the operating margin was reduction in other cost.

Net Interest & Finance Cost

The net interest and finance cost for the current financial year is ₹ 195 crores as against ₹ 156 crores for the previous financial year. The foreign exchange gains on account of FX rate changes for the year were ₹ 5 crores compared to profit of ₹ 22 crores in the previous year. In absolute terms, the rise was 25%, but interest cost as a percentage to sales remains constant at 7%. There are two major reasons resulting in increase in the cost. First being the requirement of higher working capital because of increase in raw material cost and second being the tight monetary policy throughout the year, which kept the interest rate upward trending. But, on the other side, because of the improved results and increased in rating of the company in 2009-10 compared to previous years, company was able to better negotiate with bankers.

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

Depreciation

Depreciation as a percentage to sales decreased from 5% in the previous year to 4% in the current year. Company had done total capital expenditure of ₹ 181 Crores.

Profit Before Tax (PBT) and exceptional items

Net Profit before tax was ₹ 135 Crores compared to ₹ 52 Crores in the previous year. The significant increase is attributable mainly to increased volume, efficiency and maintaining margin across the product lines.

Net Profit (PAT)

Profit after tax stood at ₹ 135 Crores in the current financial year compared to ₹ 52 Crores in the previous year.

Debt

The debt of the Company was ₹ 1,812 Crores against ₹ 1,871 Crores last year.

Working Capital & Liquidity

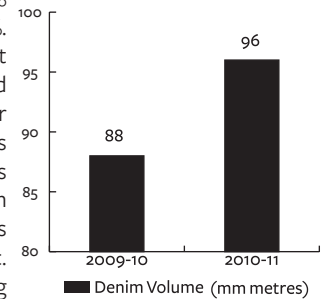
The net current asset during the year has gone up 12% in absolute terms. But, Company's turnover ratio has improved from 2.24 to 2.33 in the current year.

BUSINESS REVIEW & DEVELOPMENTS

Denim

After an excellent 2009-10, Denim business has done well again in the year 2010-11. It posted improvements in Unit sales, Revenue, EBITDA and ROCE. The total volume for Denim registered growth of 6% backed

by growth in Exports volume by 5% and that in Domestic market by 6%. There has been a continuous effort to de-risk business. New high-end customers like Hugo Boss and G-Star were acquired and market share was increased in new important markets like Hong Kong/Japan. In the Indian market, market-share with Brands like Levi's, Lee, Wrangler, Pepe etc. were increased. There is a Continuing thrust on innovation. Company launched exclusive products called 'Excel Denim' during the year. These have helped improve the design quotient as well as margins.



Operational Improvements

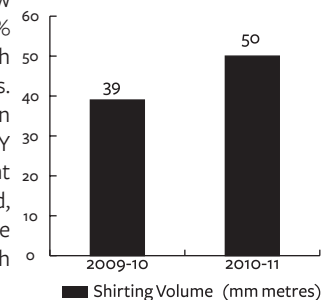
Denim business was able to sweat its assets better than last year. Weaving, Spinning, Dyeing and Finishing - all areas of operations were run on better efficiencies. On the back of initiatives like TPM (Total Predictive Maintenance) and Continuous Improvement the uptime of machines improved. Due to a major focus on Quality Control and Process Control there was a dramatic improvement in quality and a substantial reduction in generation of waste.

HR and IR Initiatives

Innovative HR and IR (Industry Relations) strategies resulted in reduction of attrition rate & absenteeism, - maintenance of average age at 37 years, giving challenging leadership roles to youth from within the organization, bringing-in talent and thereby best practices from other industries like automobile, Infrastructure etc.

Shirting Fabrics

Shirting fabric in terms of volume grew by 27% compared to last year and by 23% in terms of sales. There is a 44% growth in sales in Brands Fabric Retail business. US market continues to contribute in shirting export business and having YoY growth of more than 50% in the current financial year. To meet the new demand, company is targeting to increase the capacity to 4.5 mn metre per month from the third quarter of the next year.



The exports in volume grew by almost 24%, whereas the volume in domestic market grew by 10%. Company has Improved focus in higher contributing Market of Brands and Retail through debottlenecking capacities to produce small length orders. Company launched extensive range of women's wear fabric. In this segment Several International Brands & Retailers are planning to shift their sourcing away from China & looking for stable & reliable vendor source. India is natural choice as next destination for sourcing due to Cotton advantage. Retailing the shirting fabrics under the brand name of "Arvind" emerged successfully and has opened more than 1000 retail outlets. The outlook for Shirting fabric business continues to remain positive.

Garment Operations

Shirts Sales in value terms grew by 19% whereas Jeans garments sales reduced by 15% where in volume terms there is reduction of 16% and

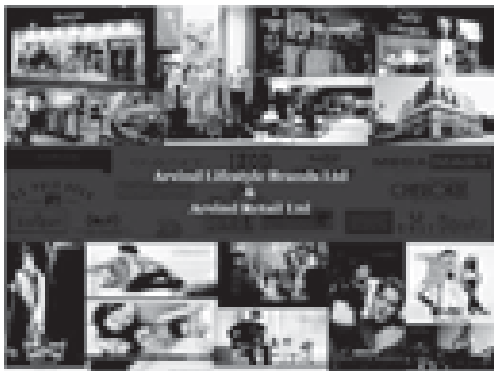
43% respectively. Knits garments fell by 51% by volume and 46% in terms of value. Company has closed one of its Knits garmenting plant owing to its conscious decision of the management to improve the productivity, profitability and return on capital employed.

Exchange Rate

The Rupee which had appreciated to 44.18 in early April 2010 remained volatile and generally depreciated to 47.74 by end of May 2010. Later it appreciated to 43.97 by October 2010. Since then it consolidated between 44.20 & 46.05 on a broader range & between 44.35 & 45.10 on a rather narrow range. The Company had taken forward cover on net dollar exposure and the average exchange rate for the entire year was in range of ₹ 48.00 to a US dollar.

SUBSIDIARIES

Arvind Lifestyle Brands Limited & Arvind Retail Limited:



Arvind Lifestyle Brands Limited

The year 2010-11 was a milestone year for Branded Apparel business which recorded sales of ₹ 422 crores against a sale of ₹ 253 crores in the previous financial year clocking a growth of 67%. PAT of the company has grown by 400% during the year and return on capital employed is 14.5%.

Arrow and Flying machine continued its upward journey by growing at 51% and 39% respectively. Gant, the bridge to luxury brand shown another good year with a growth of more than 100%. US Polo and IZOD the two brands launched last year has shown a tremendously fast and received a good market feedback. During the year, the Company successfully launched and positioned yet another brand "Engerie".

Arvind Retail Limited

The retail business had another good year with sales of ₹ 397 crores posting a growth of 40% compared to last financial year. Mega-Mart made rapid progress in the current year to emerge as the leading Value Retail player in the country. Currently Mega-Mart is operating with a retail space of 6.25 lakh sq. ft. compared to 4.5 lakh sq. ft. last year with 204 small format stores and 6 large format stores.

Arvind Products Limited

Arvind Products Limited (APL) registered revenue growth of 30% and operating profit grew by 3%. Company made certain changes in the one of its plant so that we can handle all Non yarn dyed fabrics (top weight & Bottom weight fabrics) in this plant, rather than only Bottom weight fabrics. This flexibility will help immensely in maximizing productivity, realization for the plant and to improve the bottom-line. The major customers in Exports market are Banana Republic, Polo Ralph Lauren, Edie Bauer, Land end, Marks & Spencer, C&A, Diesel, Cortefel, Bugati, Ahlers etc. The Voiles Division of the Company is engaged in manufacturing high quality Cotton and blended Voiles. The Company enjoys a unique position in the 2x2 rubia segment and continues its leadership in terms of quality and quantity, with a major 40% of Market share within its fold.

Anup Engineering Limited

Anup Engineering Limited is engaged in engineering and fabrication business listed on Ahmedabad Stock Exchange. The Company's revenue fell by 2% and EBIDTA fell by 60% largely because of time overruns and lack of product diversification.

OUTLOOK

After being harshly battered by recession in the global markets and currency volatility in FY2009, credit profile of the company improved and expected to further improve with revival in the domestic demand and signs of improvement in the global markets. However, appreciation of rupee and significant rise in cotton prices raise concerns on the profitability.

Improvement in production across product lines has been seen throughout the financial year 2010-11 and with the introduction of Technology Upgradation Fund Scheme (TUFS), capacity additions/modernization will help support this surge in the demand. In addition, this will further help company of keep its overall borrowing cost under control viewing the current higher interest cost.

Company had sold some parcel of land during the current financial year and expected to realize further in the coming years. The recent development of partnering Tata Housing under 50:50 JV for developing integrated township help company in improving the capital structure and return on capital employed and add substantial value for the shareholder.

Viewing the surge in demand with increase in operating margin, introduction of TUFS and unlocking value through sale of land and sharing profit out of development, company plans to expand its capacity across the product line keeping in mind the diversification of the product profile. Company also plans to steadily invest in the two fully owned subsidiaries Arvind Lifestyle Brands Limited and Arvind Retail Limited, which shows combined growth of more than 35% from last two years. Company's recent move in the Technical Textile/Advance Material will help it to diversify its product portfolio and cater the more stable industrial textile market.

Strategy and Programmes for “Corporate Social Responsibility” 2010-11

The idea of Corporate Social Responsibility (CSR) has attracted a wide attention since its inception in the early 1950s and eventually it has found a significant place in the nerves and veins of every corporate. Arvind Limited has been keeping pace with social development aspects for nearly 8 decades and gave it a more structured shape in the year 1978, with establishing Narottam Lalbhai Rural Development Fund (NLRDF) and Strategic Help Alliance for Relief to Distressed Areas (SHARDA) in the year 1995.

SHARDA Trust

Arvind through SHARDA Trust, has been persistently working for the development of urban poor in the city of Ahmedabad. It has been observed that urban poor are generally overlooked considering the great deal of economic opportunities available in the city. But SHARDA understands that the conditions of urban poor are as appalling as the rural poor and needs similar attention and strategies to overcome. During its initial phase of operation, SHARDA focused on Slum Upgradation program, in association with the Ahmedabad Municipal Corporation (AMC) and worked for organising all basic infrastructure facilities like drainage, toilets and water in Sanjay Nagar Slum, which dramatically transformed the lives of people. SHARDA, also simultaneously worked in partnership with private and public health care centers for providing medical care services for the people who could not afford any health services in the city.

At present, SHARDA is actively involved in improving the education at Ahmedabad Municipal Schools, where students suffer acutely because of lack of supportive infrastructure and the teaching learning resources. SHARDA started ‘**Gyanda - the Fountain of Knowledge**’ in the year 2006 and since then it has touched the lives of 1500 students, many of them have achieved unprecedented success in all their academics.

At the fundamental level, the Trust is involved in teaching subjects like Computer usage, English and Mathematics, considering that a sound knowledge in these three fields would become a pillar of success for all the aspiring students of standard V, VI and VII. The Trust has set up technically advanced State of Art Computer Labs in three municipal schools for preparing students for facing the demands of our Industry driven economy. However, the Trust continues to support the students even after the completion of their primary education. The Trust has a fixed mechanism to support students’ education until they are economically independent, while taking them through different levels of institutions, which mainly includes, Secondary School, Higher Secondary School, College Education and Vocational Training, finally ensuring a job placement. This is a unique initiative that the company has initiated. In the

year 2010-2011 the Trust has over 1000 students enrolled, 935 in primary and 74 in secondary sections. In the year 2011-2012, the Trust estimates to work with about 1200 students.

NLRDF

NLRDF is mainly responsible for rural development in the state of Gujarat and works very efficiently with rural poor for their upgradation and development. NLRDF minutely observed and deeply felt that in a country like India, widows need special attention and care, as the social and cultural paradigms do not support their respectable survival. In order to accomplish Widows needs and requirements, the Trust closely works with Government Agencies and facilitates the effective and prodigious implementation of Widows Entrepreneurship programs. The Trust also works for setting up Bio-gas plants for rural families.

At present, the Trust, through its Entrepreneurship Development Programmes, has penetrated its operations in 14 districts of Gujarat and has trained nearly 10,000 widows in last 4 years. The operational philosophy of the Trust deals not only with developing different skills sets amongst widows but also teaches them basic management principals, which help them to identify the market segment, target customers, book keeping, costing of the products and product selection, which help them yield a long term return on investment.

In addition to this, the Trust has also worked continuously for HIV/AIDS control under National Aids Control Program (NACP). This has brought remarkable change in the practices and behaviour of the key population group for HIV/AIDS control. In CHANGE project, participatory communication initiated for improving access to public healthcare services for rural communities in Khedbrahma taluka. In order to form a firm strategy for successful implementation of this program the Trust establishes discussion with Asha workers, community women, Primary Health Centre Staff, Medical Officers and District level Administrators. As a resultant, this service has been successfully taken to 22 villages of 7 primary Health Centers in Khedbrahma Taluka of Gujarat.

Also, the NLRDF helped in upgrading the infrastructure in a rural school. The school was short of space for teaching the growing numbers in the village and it was in a rented building. To meet this crying need for a better infrastructure the NLRDF constructed school with RCC structure.

Arvind Limited, through SHARDA & NLRDF aims and aspires to help the poor and intimately feels that a business should be both **Socially Responsible** and should intricately understands its **Social Responsibilities**.

Auditors' Report

TO THE MEMBERS OF ARVIND LIMITED

1. We have audited the attached Balance Sheet of **ARVIND LIMITED** ("the Company"), as at March 31, 2011, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 ("Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. As mentioned in Note No. 12 of Schedule 16 in respect of early adoption of Accounting Standard (AS) - 30 on 'Financial Instruments: Recognition and Measurement' and Limited revision arising out of it in other Accounting Standards, issued by the Institute of Chartered Accountants of India, the Company has measured all its Financial Assets and Liabilities at their respective Fair Values or at Amortised Cost. Accordingly, Accounting Standard (AS) - 13 on 'Accounting for Investments' and Accounting Standard (AS) - 11 on 'The Effects of Changes in Foreign Exchange Rates' have been followed only for those transactions which are not within the scope of Accounting Standard (AS) -30. Had the Company followed (AS) - 11 and (AS) - 13 in their entirety, the carrying amount of Investments, Secured Loans and Unsecured Loans would have been higher by ₹ 2.19 Crores, ₹ 2.41 Crores and ₹ 3.03 Crores respectively and carrying value of Hedge Reserve would have been lower by ₹ 31.89 Crores respectively.
5. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 and Accounting Standard (AS) - 30 on 'Financial Instruments: Recognition and Measurement' and Limited revision arising out of it in other Accounting Standard, issued by the Institute of Chartered Accountants of India (ICAI) as mentioned in paragraph 4 above;
 - v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (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.

For **SORAB S. ENGINEER & CO.**
Firm Registration No. 110417W
Chartered Accountants

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

Ahmedabad, May 20, 2011

Annexure to the Auditors' Report

Re: ARVIND LIMITED

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

- (i)
 - (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
 - (c) In our opinion and as per the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and going concern status of the Company is not affected.
- (ii)
 - (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification

between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with.

- (iii) The Company has not granted/taken any loans secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (iii, b), (iii, c), (iii, d), (iii, e), (iii, f) and (iii, g) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there were no contracts or arrangements that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (v, a) and (v, b) of paragraph 4 of the order are not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of these records with a view to determine whether they are accurate and complete.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
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, 2011 for a period of more than six months from the date they became payable.
- (c) Following amounts have not been deposited as on March 31, 2011 on account of any dispute:

Nature of Statute	Nature of the dues	₹ in Crores	Period to which the amount relates	Forum where matter is pending
Sales Tax Act	Sales Tax	9.15	1998-1999, 2002-2003, 2003-2004, 2004-2005, 2005-2006	High Court
		0.05	2002-2003, 2003-2004	Appellate Tribunal
		2.58	2006-2007	JCCT Appeal (VAT)
		1.00	2006-2007	JCCT Appeal (CST)
Central Excise Act	Excise Duty	9.91	2000-2001, 2001-2002	High Court
		5.60	2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2008-2009	CESTAT

Nature of Statute	Nature of the dues	₹ in Crores	Period to which the amount relates	Forum where matter is pending
Customs Act	Custom Duty	0.05	2005-2006, 2006-2007, 2007-2008	Joint Commissioner
Finance Act	Service Tax	0.44	2004-2005, 2005-2006	Joint Commissioner
		0.61	2004-2005, 2005-2006, 2006-2007, 2007-2008	Additional Commissioner
		0.05	2005-2006	Assistant Commissioner
Income Tax Act	Fringe Benefit Tax	0.22	2004-2005, 2005-2006, 2006-2007, 2007-2008, 2009-2010	CESTAT
		0.42	2005-2006	ITAT
		0.13	2006-2007	CIT Appeal

- (x) The Company has neither any accumulated losses nor has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the order are not applicable.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial Institutions are not prejudicial to the interest of the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were obtained, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that 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 except 2,00,50,000 equity shares have been issued to Promoters/Promoter Group on conversion of warrants. According to the information and explanations given to us, the price at which the shares have been issued is not prejudicial to the interest of the Company.
- (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.
- (xi) 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 Registration No. 110417W
Chartered Accountants

CA. N. D. ANKLESARIA
Partner

Ahmedabad, May 20, 2011

Membership No. 10250

Balance Sheet as at 31st March, 2011

	Schedule	₹ in Crores As at 31.03.2011	₹ in Crores As at 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	254.40	239.55
Reserves and Surplus	2	1541.11	1180.45
		1795.51	1420.00
Loan Funds			
Secured Loans	3	1763.23	1728.73
Unsecured Loans	4	48.89	141.85
		1812.12	1870.58
Deferred Tax Liability (Note No. 25)		12.82	12.82
Total		3620.45	3303.40
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	3172.22	3002.45
Less: Depreciation		1170.26	1084.34
Net Block		2001.96	1918.11
Capital Work-in-Progress		142.28	46.86
		2144.24	1964.97
Investments			
Foreign Currency Monetary Item Translation Difference Account (Note No.13)	6	(0.75)	(1.06)
Current Assets, Loans & Advances			
Inventories	7	699.16	432.00
Land held for Sale		34.50	0.00
Sundry Debtors		563.63	424.16
Cash and Bank Balances		29.09	43.14
Other Current Assets		100.52	95.90
Loans and Advances		379.17	484.80
		1806.07	1480.00
Less: Current Liabilities and Provisions			
Liabilities	8	627.69	433.42
Provisions		10.82	7.38
		638.51	440.80
Net Current Assets		1167.56	1039.20
Miscellaneous Expenditure	9	0.00	0.00
(To the extent not written off)			
Total		3620.45	3303.40
Notes Forming Part of Accounts	16		

As per our report attached

SANJAY S. LALBHAI

Chairman & Managing Director

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

Firm Registration No. 110417W

Chartered Accountants

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Ahmedabad, May 20, 2011

R. V. BHIMANI

Company Secretary

Profit and Loss Account for the year ended on 31st March, 2011

	Schedule	₹ in Crores 2010-2011	₹ in Crores 2009-2010
INCOME :			
Sales		2607.61	2254.09
Less : Excise Duty		2.06	1.60
		2605.55	2252.49
Operating Income	10	85.67	64.40
Other Income	11	34.51	11.83
		2725.73	2328.72
EXPENSES :			
Raw Materials and Accessories Consumed		1290.15	968.73
Purchase of Finished Goods		36.79	47.61
Employees' Emoluments	12	273.90	240.90
Others	13	772.93	731.43
Interest & Finance Costs (Net)	14	194.59	155.47
Depreciation /Impairment	5	116.16	113.80
(Increase)/Decrease in Stocks	15	(93.59)	18.78
		2590.93	2276.72
Profit before Tax for the year		134.80	52.00
Less : Current Tax		26.84	8.77
Add : MAT Credit Entitlement		(26.84)	(8.77)
Profit for the year		134.80	52.00
Balance as per last year's Balance Sheet		314.42	282.34
Less : Adjustment due to Demerger		0.00	(0.43)
		314.42	281.91
Interim Dividend Paid on Preference Shares		0.00	(0.76)
Tax on Interim Dividend		0.00	(0.13)
Transferred to Capital Redemption Reserve		0.00	(19.80)
Transferred from Debenture Redemption Reserve		0.90	1.20
		450.12	314.42
Balance carried to Balance Sheet		450.12	314.42
Earning Per Share ₹ (Face Value ₹ 10/-) (Note No. 23)			
- Basic		5.64	2.27
- Diluted		5.63	2.07
Notes Forming Part of Accounts	16		

As per our report attached

SANJAY S. LALBHAI

Chairman & Managing Director

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

Firm Registration No. 110417W

Chartered Accountants

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Ahmedabad, May 20, 2011

R. V. BHIMANI

Company Secretary

Cash Flow Statement for the year ended on 31st March, 2011

	(₹ in Crores)	(₹ in Crores)
	2010-11	2009-10
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit for the year	134.80	52.00
Adjustments for:		
Depreciation/Impairment	116.16	113.80
Retrenchment Compensation under VRS	0.00	(0.13)
Interest Income	(15.64)	(35.54)
Income from Investments	(0.52)	(0.17)
Interest Expenses	173.19	195.72
Exchange Rate Difference	(5.21)	(15.51)
Excise duty	0.00	(6.51)
Fixed Assets/Project Expenses Written Off	0.33	0.00
Provision for Bad Debt	0.34	0.00
Bad Debts / Advances Written Off	0.09	0.00
Sundry Debits / Credit written off (Net)	6.10	(0.57)
Loss on Investments	0.10	0.00
Profit on Sale of Fixed Assets	(30.12)	(9.49)
Operating Profit before Working Capital Changes	244.82	241.60
Working Capital Changes:		
Changes in Inventories	(287.41)	(4.53)
Changes in Trade Receivables	(139.90)	(41.11)
Changes in Other Receivables	(12.09)	(1.70)
Changes in Current Liabilities	197.41	111.71
Net Changes in Working Capital	(241.99)	64.37
Cash Generated From Operations	137.63	357.97
Advance Tax / TDS (Net of Income Tax Refund)	(25.09)	(10.41)
Net Cash from Operating Activities	112.54	347.56
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(180.77)	(61.93)
Sale of Fixed Assets	111.61	33.47
Changes in Investments	(3.87)	(7.13)
Changes in Loans & Advances	130.72	(10.48)
Income from Investments	0.52	0.17
Interest Income	15.61	35.55
Net Cash Flow from Investing Activities	73.82	(10.35)
C Cash Flow from Financing Activities		
Issue of Equity Share Capital	14.91	13.00
Redemption of Preference Share Capital	0.00	(19.80)
Issue of Warrants	0.00	7.57
Share Premium Received	11.13	6.50
Interim Dividend on Preference Shares	0.00	(0.76)
Tax on Interim Dividend	0.00	(0.13)
Changes in Borrowings	(53.56)	(130.87)
Interest Paid	(172.89)	(196.01)
Net Cash Flow from Financing Activities	(200.41)	(320.50)
Net Increase/(Decrease) in Cash & Cash Equivalents	(14.05)	16.71
Cash & Cash Equivalent at the beginning of the Period	43.14	26.83
Less: Adjustment due to Demerger	0.00	0.40
Cash & Cash Equivalent at the beginning of the Period after demerger	43.14	26.43
Cash and Cash Equivalent at the end of the Period	29.09	43.14

Notes to Cash Flow Statement (Refer Schedule 16, Note No. 20)

As per our report attached

SANJAY S. LALBHAI

Chairman & Managing Director

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

Chartered Accountants

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Ahmedabad, May 20, 2011

R. V. BHIMANI

Company Secretary

Schedules forming part of the Accounts

SCHEDULE '1': SHARE CAPITAL

AUTHORISED

36,00,00,000 Equity Shares (Previous Year
36,00,00,000) of ₹10/-each

90,00,000 Preference Shares (Previous Year
90,00,000) of ₹ 100/- each

ISSUED & SUBSCRIBED

EQUITY SHARES

25,44,00,041 Equity Shares (Previous Year
23,19,78,441) of ₹ 10/- each

PAID UP (Note No. 5)

EQUITY SHARES

25,43,99,141 Equity Shares (Previous Year
23,19,77,541) of ₹ 10/- each fully paid up
Add : 900 Shares Forfeited
(Paid-up amount of ₹ 4,500/- (Previous Year ₹ 4,500/-)
on forfeited shares)

(of the above shares 39,44,950 Equity Shares have
been allotted as fully paid Bonus Shares (Previous
Year 39,44,950 Equity Shares) by way of
capitalization of Reserves and 16,12,268 Equity
shares (Previous Year 16,12,268 Equity Shares)
allotted as fully paid in terms of scheme of
Amalgamation without payment being received in cash.)

WARRANTS

NIL Warrants (Previous Year
2,02,00,000 Warrants of ₹ 15/-each, Paid up ₹ 3.75 each)

SCHEDULE '2': RESERVES AND SURPLUS

CAPITAL RESERVE

As per last Balance Sheet
Add : Addition during the Year (Note No. 5)

GENERAL RESERVE

As per last Balance Sheet
Add : Addition during the Year

SECURITIES PREMIUM

As per last Balance Sheet
Add : Received during the Year

Less : Utilized during the Year (Note No. 11)

₹ in Crores As at 31.03.2011	₹ in Crores As at 31.03.2010
360.00	360.00
90.00	90.00
450.00	450.00
254.40	231.98
254.40	231.98
254.40	231.98
0.00	7.57
254.40	239.55
26.65	5.33
0.06	21.32
26.71	26.65
0.00	0.00
5.79	0.00
5.79	0.00
662.55	693.53
11.13	6.50
673.68	700.03
20.25	37.48
653.43	662.55

Schedules forming part of the Accounts

SCHEDULE '2': RESERVES AND SURPLUS (Contd.)**DEBENTURE REDEMPTION RESERVE**

As per last Balance Sheet

Less: Transferred to Profit and Loss Account

CAPITAL REDEMPTION RESERVE

As per last Balance Sheet

Add: Transferred from Profit and Loss Account

REVALUATION RESERVE

As per last Balance Sheet

Add: Addition during the year (Note No. 9)

Less: Transfer to General Reserve

HEDGE RESERVE (Note No. 12)

As per last Balance Sheet

Add: Addition during the year (Net)

INVESTMENT REVALUATION RESERVE (Note No. 12)

As per last Balance Sheet

Add: Addition during the year

BALANCE IN PROFIT & LOSS ACCOUNT**SCHEDULE '3': SECURED LOANS** (Note No. 6)**DEBENTURES****FROM BANKS**

Cash Credit and other facilities

Term Loans

FROM FINANCIAL INSTITUTIONS AND OTHERS**Note : Secured Loans** (Note No. 12)

At Amortized Cost

At Original Cost

SCHEDULE '4': UNSECURED LOANS**FROM BANKS**

Term Loan

Other Facilities

FROM FINANCIAL INSTITUTIONS & OTHERS**DEFERRED ELECTRICITY DUTY****INTER CORPORATE DEPOSIT****Note : Unsecured Loans** (Note No. 12)

At Amortized Cost

At Original Cost

Out of above ₹ 37.94 Crores (₹ 121.76 Crores) is payable within one Year

₹ in Crores

As at
31.03.2011

653.43

0.90

0.90

0.00

69.50

0.00

69.50

80.67

230.98

311.65

5.79

305.86

33.29

(1.40)

31.89

(7.53)

5.34

(2.19)

450.12

1541.11

0.00

0.00

777.73

772.53

1550.26

212.97

212.97

1763.23

1763.23

1765.64

0.00

26.78

4.06

16.67

1.38

48.89

48.89

51.92

₹ in Crores

As at
31.03.2010

662.55

2.10

1.20

0.90

49.70

19.80

69.50

24.52

56.15

80.67

0.00

80.67

(106.41)

139.70

33.29

(10.64)

3.11

(7.53)

314.42

1180.45

0.90

0.90

746.62

749.95

1496.57

231.26

231.26

1728.73

1728.73

1730.00

2.64

70.42

5.38

27.85

35.56

141.85

141.85

143.62

Schedules forming part of the Accounts

₹ in Crores

SCHEDULE '5': FIXED ASSETS

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2010 before revaluation	Adjustment due to Revaluation	Additions	Deductions before revaluation	As on 01.04.2010 before revaluation	Adjustment due to Revaluation	Additions	Deductions	As on 31.03.2011	As on 31.03.2010
Intangible Assets										
Patent and Technical Know how	0.49			0.22	0.04		0.10		0.14	0.45
Computer Software	17.94		6.13		15.41		1.85		17.26	0.64
Tangible Assets										
Freehold Land	649.37	230.95	32.76	4.96					908.12	649.37
Leasehold Land	219.62	0.03	8.82	76.54					151.93	219.62
Buildings	518.76		5.09	21.37	119.22		15.23	5.46	128.99	399.54
Plant & Machinery	1544.80		26.77	36.25	923.12		94.45	21.57	996.00	623.57
Machinery Acquired on Finance Lease	1.66				0.27		0.27	0.00	0.54	1.39
Vehicles	10.15		4.16	2.00	5.25		1.76	1.49	5.52	4.90
Office Machinery & Dead Stocks	39.66		1.62	5.22	21.03		2.50	1.72	21.81	18.63
Total	3002.45	230.98	85.35	146.56	1084.34	0.00	116.16	30.24	1170.26	1918.11
Previous Year	2925.34	75.85	58.26	57.00	978.51	19.70	113.80	27.67	1084.34	
Capital Work-in-Progress (Including Advances for Capital Expenditure)									142.28	46.86
Total									2144.24	1964.97

Notes:

- Freehold Land includes some lands which are pending for registration in favour of the Company.
- Buildings includes ₹ 0.79 Crores (₹ 0.79 Crores) in respect of ownership flats in Co-Operative Housing Society and ₹ 500/- (₹ 500/-) in respect of shares held in Co-operative Housing Society.
- Gross block includes ₹ 230.98 Crores being the amount added on revaluation as on 31st March 2011 and credited to revaluation reserve (Note No. 9).
- Deduction of Gross Block includes transfer of land ₹ 34.50 Crores (₹ Nil) to Land held for Sale.
- Deduction of Gross Block includes Capital Subsidy of ₹ 1.89 Crores (₹ 3.09 Crores) received during the year.
- Deduction of Gross Block includes Subsidy of ₹ 0.22 Crores (₹ Nil) received during the year on account of Technical Know how.
- Deduction of Gross Block includes exchange rate difference of ₹ Nil (₹ 5.35 Crores).
- Out of current year's depreciation, an amount of Rs. Nil (Rs. 4,306/-) has been capitalised during the year.

Schedules forming part of the Accounts

	No. of Shares/ Debentures/ Units	₹ in crores As at 31.03.2011	₹ in crores As at 31.03.2010
SCHEDULE '6' : INVESTMENTS*			
A. NON-TRADE INVESTMENTS - (UNQUOTED)			
(HELD-TO-MATURITY)			
GOVERNMENT SECURITIES			
7-Year National Savings Certificates (Lodged with Government Authorities)		(₹ 3,000/-)	(₹ 48,000/-)
B. TRADE INVESTMENTS (AVAILABLE FOR SALE)			
(i) FULLY PAID EQUITY SHARES (QUOTED)			
Atul Limited	559420	9.80	4.86
(Shares of ₹ 10/- each)			
(ii) FULLY PAID EQUITY SHARES (UNQUOTED)			
Ahmedabad Cotton Merchants' Co-operative Shops and Warehouses Society Limited			
(Shares of ₹ 10/- each)	10	(₹ 2,500/-)	(₹ 2,500/-)
Gujarat Cloth Dealers Co-operative Shops and Warehouses Society Limited			
(Shares of ₹ 10/- each)	10	(₹ 1,000/-)	(₹ 1,000/-)
(iii) INVESTMENT IN JOINT VENTURE			
FULLY PAID EQUITY SHARES (UNQUOTED)			
Arya Omnitalk Wireless Solutions Private Limited	1000000	1.00	1.00
(Shares of ₹ 10/- each)			
Arya Omnitalk Radio Trunking Services Private Limited	1005000	6.01	6.01
(Shares of ₹ 10/- each)			
Arvind Murjani Brands Private Limited	8850000	12.75	12.75
(Shares of ₹ 10/- each)			
(65,00,000 Shares allotted during the previous year)			
VF Arvind Brands Private Limited	5466680	5.47	5.47
(Shares of ₹ 10/- each)			
C. INVESTMENT IN SUBSIDIARY COMPANIES			
FULLY PAID EQUITY SHARES (UNQUOTED)			
Asman Investments Limited **	76500	7.65	7.65
(Shares of ₹ 10/- each)			
Syntel Telecom Limited	50000	0.05	0.05
(Shares of ₹ 10/- each)			
Arvind Worldwide (M) Inc., Mauritius **	54840	0.00	0.00
(Shares of US\$ 100 each)			
Arvind Worldwide Inc., Delaware **	500	0.07	0.07
(Shares without par value)			
Arvind Overseas (M) Limited, Mauritius	2385171	28.32	28.32
(Shares of Mau ₹ 100/- each)			
Arvind Spinning Limited	824099	5.39	5.39
(Shares without par value)			

Schedules forming part of the Accounts

	No. of Shares/ Debentures/ Units	₹ in crores As at 31.03.2011	₹ in crores As at 31.03.2010
SCHEDULE '6' : INVESTMENTS* (Contd.)			
Arvind Textile Mills Limited (Shares of Taka 10/- each) (2,50,000 shares allotted during the year)	320000	1.53	0.34
Arvind Accel Limited (Shares of ₹ 10/- each)	50000	0.05	0.05
Arvind Brands and Retail Limited (Formerly known as Silverstone Properties Limited) (Shares of ₹ 2/- each; previous year ₹ 10/- each) (Purchased 1,00,00,000 shares and sold 50,000 shares of ₹ 10/- each during the year)	50000000	189.10	0.05
Arvind Infrastructure Limited (Shares of ₹ 10/- each)	50000	0.05	0.05
Arvind Retail Limited (Shares of ₹ 10/- each) (Sold 2,00,50,000 shares during the year)	0	0.00	50.05
Arvind Lifestyle Brands Limited (Shares of ₹ 10/- each) (Sold 2,00,50,100 shares during the year)	0	0.00	140.05
FULLY PAID EQUITY SHARES (QUOTED)			
Arvind Products Limited (Shares of ₹ 10/- each)	2857142	1.66	1.26
Anup Engineering Limited*** (Shares of ₹ 100/- each)	300000	3.50	3.50
FULLY PAID PREFERENCE SHARES (UNQUOTED)			
Arvind Products Limited 10% Cumulative Redeemable Preference Shares (Shares of ₹ 10/- each)	135000	0.14	0.14
Arvind Products Limited 12% Cumulative Redeemable Preference Shares (Shares of ₹ 100/- each)	6000000	65.01	65.01
D. SHARE APPLICATION MONEY		5.56	1.93
		343.11	334.00
Less : Provision for Diminution in Value of Investment		33.71	33.71
Total		309.40	300.29
Aggregate value of quoted Investments			
At cost price		14.96	9.62
At market price		14.96	9.62
Aggregate value of unquoted Investments			
At cost price		328.15	324.38
* Previously classified as Long Term Investments and valued at Cost unless otherwise stated.			
** Revalued and adjusted in 2001-2002 as per the Scheme of Arrangement and the direction of High Court.			
*** Listed but not quoted and book value is taken as market value			

Schedules forming part of the Accounts

SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCE

CURRENT ASSETS

Inventories

Stores and Spares

30.35

35.23

Fuel

2.50

1.76

Stock-in-trade

Raw materials and Accessories (Including Material in Transit)

295.96

95.05

Finished Goods

116.64

82.96

Finished Goods (Traded)

3.69

9.38

Work-in-Progress

245.98

206.61

Material Work at Site

2.74

0.00

Waste

1.30

1.01

666.31

395.01

699.16

432.00

34.50

0.00

Land held for Sale

Sundry Debtors (Unsecured)

Outstanding for a period exceeding six months

Considered Good

45.03

11.12

Considered Doubtful

1.51

1.19

Less: Provision

1.51

1.19

0.00

0.00

45.03

11.12

Others (Considered Good)

518.60

413.04

563.63

424.16

Cash & Bank Balances

Cash on hand

0.42

0.53

Bank Balances

With Scheduled Banks

In Current Accounts

6.52

24.52

(Including ₹ 0.33 Crores in unpaid dividend accounts) (₹ 0.33 Crores)

In Exchange Earners Foreign Currency A/c.

0.15

0.07

In Cash Credit Account

7.11

8.23

In Saving Accounts

(₹ 45,808/-)

(₹ 42,732/-)

In Fixed Deposit Accounts

14.89

9.79

(₹ 5.76 Crores lodged with Bank as Security for

Guarantee Facility and ₹ 0.01 Crores lodged with Court

for ESI case (₹ 6.19 Crores and ₹ 0.01 Crores respectively))

28.67

42.61

29.09

43.14

Other Current Assets

Interest accrued

0.27

0.24

Other receivables

100.25

95.66

100.52

95.90

LOANS & ADVANCES (Unsecured, considered good unless stated Otherwise)

Loans & Advances

Advances Receivable in Cash or kind or for the value to be received

Considered Good

106.60

243.81

Considered Doubtful

0.09

0.09

Less: Provision

0.09

0.09

0.00

0.00

106.60

243.81

Schedules forming part of the Accounts

SCHEDULE '7': CURRENT ASSETS, LOANS AND ADVANCE (Contd.)

	₹ in Crores As at 31.03.2011	₹ in Crores As at 31.03.2010
Balances with Custom, Excise etc.	0.04	0.06
MAT Credit Entitlement Receivable	55.63	34.88
Other Loans	31.11	31.48
	193.38	310.23
Loans and Advances to Subsidiary Companies		
Considered Good	177.06	170.18
Considered Doubtful	7.91	7.91
Less: Provision	7.91	7.91
	0.00	0.00
	177.06	170.18
Advance Tax paid (Net of Provision of ₹ 65.97 Crores, Previous Year ₹ 44.76 Crores)	8.73	4.39
	379.17	484.80
	1806.07	1480.00

SCHEDULE '8': CURRENT LIABILITIES & PROVISIONS

Current Liabilities

Acceptances	108.22	12.47
Sundry Creditors		
- Due to Micro & Small Enterprises (Note No. 18)	0.00	0.00
- Others	424.56	347.84
Other Liabilities (Note No. 7)	92.75	71.06
Interest accrued but not due on Loans	1.54	1.24
Investor Education and Protection Fund shall be credited by the following amount namely: @		
- Unpaid Dividend	0.33	0.33
- Unpaid Matured Debentures	0.23	0.23
- Warrants Issued but not Encashed		
- Interest on Deposits	0.06	0.06
- Interest on Debentures	0.00	0.19
	0.62	0.81
	627.69	433.42

Provisions

Pension	0.56	0.45
Superannuation	1.59	0.00
Gratuity	1.84	1.92
Leave Encashment	6.83	5.01
	10.82	7.38
	638.51	440.80

@ No amount is due as on 31st March, 2011 for credit to Investor Education and Protection Fund (Fund). The actual amount to be transferred to the Fund in this respect will be determined on the respective due dates.

Schedules forming part of the Accounts

SCHEDULE '9': MISCELLANEOUS EXPENDITURE

(To the extent not written off)

Retrenchment Compensation under VRS

Add: Addition during the year

Less: Adjusted during the year

₹ in Crores As at 31.03.2011	₹ in Crores As at 31.03.2010
0.00	10.07
0.00	0.13
0.00	(10.20)
0.00	0.00

SCHEDULE '10': OPERATING INCOME

Processing Income

(Tax Deducted at Source ₹ 0.38 Crores; Previous Year ₹ 0.48 Crores)

Gain/(Loss) on Forward Contracts

Other Operating Income

(Tax Deducted at Source ₹ 0.01 Crores; Previous Year ₹ Nil)

₹ in Crores 2010-11	₹ in Crores 2009-10
34.94	24.46
27.47	12.10
23.26	27.84
85.67	64.40

SCHEDULE '11': OTHER INCOME

Income from Investments (Gross)

From Trade Investments

Other Income

(Tax Deducted at Source ₹ Nil; Previous Year ₹ 0.01 Crores)

Rent

(Tax Deducted at Source ₹ 0.04 Crores; Previous Year ₹ 0.10 Crores)

Excess/Short Provision No Longer required (Net)

Profit on Sale of Fixed Assets (Net)

0.52	0.17
1.49	1.40
0.69	0.59
1.69	0.18
30.12	9.49
34.51	11.83

SCHEDULE '12': EMPLOYEES' EMOLUMENTS

Salaries, Wages, Bonus and Gratuity

Contribution to Provident Fund and Other Funds

Welfare Expenses

Directors' Remuneration (Note No. 2)

Directors' Commission

238.38	210.41
25.65	22.92
4.93	3.98
268.96	237.31
2.54	3.42
2.40	0.17
4.94	3.59
273.90	240.90

Schedules forming part of the Accounts

SCHEDULE '13': OTHERS

	₹ in Crores 2010-11	₹ in Crores 2009-10
Power & Fuel	243.69	208.62
Stores Consumed	192.83	202.53
Processing Charges	87.19	98.28
Repairs:		
Building Repairs	0.42	0.98
Machinery Repairs	76.21	37.30
Other Repairs	2.82	7.39
	79.45	45.67
Printing, Stationery and Communication	4.14	4.57
Turnkey Project Erection Charges	3.02	0.44
Insurance premium	3.38	4.56
Rates & Taxes	3.42	3.03
Excise Duty	0.13	0.14
Rent	15.95	20.36
Commission, Brokerage and Discount	26.68	26.91
Advertisement Expenses	5.00	4.67
Freight, Insurance and Clearing Charges	23.18	24.77
Miscellaneous Labour Charges	30.20	31.38
Provision for Doubtful Debts	0.34	0.00
Bad Debts Written Off	0.09	0.00
Fixed Assets/Project Expenses Written off	0.33	0.00
Loss on sale of Investments (Net)	0.10	0.00
Directors' Sitting Fees	0.01	0.02
Other Expenses	53.80	55.48
	772.93	731.43

SCHEDULE '14': INTEREST AND FINANCE COSTS (NET)

Interest		
On loans for a Fixed Period	126.32	129.16
Others	46.87	57.37
	173.19	186.53
Less: Interest Income		
Interest from others (Gross)	15.64	35.54
(Income tax deducted ₹ 0.29 Crores, Previous year ₹ 1.99 Crores)		
Net Interest Expenses	157.55	150.99
Other Finance Cost	42.25	26.79
Exchange Rate (Gain)/Loss	(5.21)	(22.31)
	194.59	155.47

SCHEDULE '15': (INCREASE)/DECREASE IN STOCK

Finished Goods, Work-in-Progress and Waste		
Closing Stocks	363.92	290.58
Opening Stocks	290.58	339.58
Less: Adjusted against Securities Premium (Note No. 11)	20.25	0.00
Less: Written off during the Year	0.04	0.00
Less: Adjustment due to Demerger	0.00	30.22
	270.29	309.36
	(93.63)	18.78
Excise Duty in Value of Stocks - Increase/(Decrease)	0.04	(₹ 25,353/-)
(Increase)/Decrease in Stock	(93.59)	18.78

Notes forming part of the Accounts

SCHEDULE 16 : NOTES FORMING PART OF ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES

(A) ACCOUNTING CONVENTION

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

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including 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.

(B) INFLATION

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

(C) REVENUE RECOGNITION

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

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

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

Percentage of completion is determined by the proportion that contract costs incurred for work done

till date bears to the estimated total contract cost.

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

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

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

(D) VALUATION OF INVENTORY

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

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

(E) FIXED ASSETS & DEPRECIATION

(E.1) Fixed assets are stated at their original cost of acquisition/revalued cost wherever applicable less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition.

(E.2) Land held for sale is stated at the lower of their net book value and net realizable value.

(E.3) Exchange rate gain or loss on foreign currency loans related to acquisition of depreciable assets are being capitalized as per the notification dated 31st March, 2009 issued by Ministry of Corporate Affairs, New Delhi.

(E.4) Depreciation on Revalued Fixed Assets is calculated on the residual life of the assets or as per rates specified in the Schedule XIV to the Companies Act, 1956 whichever is higher.

(E.5) Additions to fixed assets after 1st October 2006 have been stated at cost net of CENVAT wherever applicable.

Notes forming part of the Accounts

(E.6) Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under capital work-in-progress, pending capitalization.

(E.7) Depreciation on Fixed Assets is provided, pro rata for the period of use, on Straight Line Method (SLM), as per rates specified in the Schedule XIV to the Companies Act, 1956 except for the following which are based on management's estimate of useful lives of the fixed assets:

Car Vehicles: 20%; Leasehold Improvements: 10%

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

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

(E.10) Individual assets costing less than ₹ 5,000/- have been fully depreciated in the year of purchase on *pro rata* basis.

(E.11) Revaluation Reserve on Assets sold is transferred to General Reserve.

(F) IMPAIRMENT OF ASSETS

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

(G) INVESTMENTS

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

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

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

reserve account is recognised in the profit and loss account.

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

(H) FOREIGN CURRENCY TRANSACTIONS

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

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

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

(H.4) All long-term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the year have been restated at the rate prevailing at the balance sheet date. The difference arising as a result has been added to or deducted from the cost of the assets as per the notification issued by the Ministry of Corporate Affairs dated March 31, 2009. Exchange rate difference on other long-term foreign currency loans is carried to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized up to the period of loan or up to 31st March, 2012 whichever is earlier.

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

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

(I) DERIVATIVES and COMMODITY HEDGING TRANSACTIONS

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

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

(I.3) Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in hedging reserve account. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract

Notes forming part of the Accounts

whether the contract is effective in achieving offsetting cash flows attributable to hedged risk. Any cumulative gain or loss on the hedging instrument recognised in hedging reserve is kept in hedging reserve until the forecast transaction occurs or the hedged accounting is discontinued. Amounts deferred to hedging reserve are recycled in the profit and loss account in the periods when the hedged item is recognised in the profit and loss account or when the portion of the gain or loss is determined to be an ineffective hedge.

- (1.4) Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss account immediately.
- (1.5) Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to net profit or loss for the year.

(J) EMPLOYEE BENEFITS

- (J.1) The Company has Defined Contribution Plans for post employment benefits namely Provident Fund and Superannuation Fund which are recognized by the Income Tax Authorities. These funds are administered through trustees and the Company's contributions thereto are charged to revenue every year. The Company also pays insurance premiums to fund a post-employment medical assistance scheme, a Defined Contribution Plan administered by ICICI Lombard General Insurance Company Limited which 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.
- (J.2) The Company has Defined Benefit Plans namely leave encashment/compensated absences and Gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books. The actuarial valuation is done based on Projected Unit Credit Method. Gratuity scheme is administered through trust recognised by the Income Tax Authorities and/or by Life Insurance Corporation of India.
- (J.3) Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(K) BORROWING COST

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds. It is calculated on the basis of effective interest rate in accordance with Accounting Standard (AS) - 30 and considered as

revenue expenditure and charged to profit and loss account for the year in which it is incurred except for borrowing costs attributed to the acquisition/improvement of qualifying assets up to the date when such assets are ready for intended use which are capitalised as a part of the cost of such asset.

(L) LEASE ACCOUNTING

- (L.1) Assets acquired under Finance Lease are segregated from the assets owned and recognized as asset at an amount equal to the fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments whichever is lower with corresponding outstanding liability.
- (L.2) Lease rental payable on such finance lease has been apportioned between finance charge and the reduction in the outstanding liability. The finance charge has been allocated to periods during the lease term so as to produce constant periodic rate of interest on the remaining balance of liability for each period.
- (L.3) Lease Rentals for assets acquired under operating lease are recognised as an expense in Profit & Loss Account on a straight line basis over the lease term.

(M) TAXES ON INCOME

- (M.1) Tax expense consists of both current as well as deferred tax liability. Current tax represents amount of income tax payable including the tax payable u/s 115JB, if any, in respect of taxable income for the year.
- (M.2) Minimum Alternate Tax Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax within the specified period.
- (M.3) Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year that originates in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- (M.4) Deferred tax 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.

(N) EARNING PER SHARE

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

Notes forming part of the Accounts

(O) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

(P) CAPITAL ISSUE EXPENSES

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

2. MANAGERIAL REMUNERATION:

DIRECTORS' REMUNERATION

(₹ in Crores)

Particulars	2010-11	2009-10
Managing/Whole-time Directors		
(i) Salaries	0.80	0.66
(ii) Contribution to:		
Provident Fund	0.09	0.08
Superannuation Fund	0.12	0.09
Provision for Gratuity	0.19	0.02
(iii) Perquisites	0.29	1.14
(iv) Medical Expenses	0.04	0.03
(v) Other Allowances	1.01	1.40
(vi) Commission	2.11	0.00
Total	4.65	3.42
(ix) Commission to Non Whole-time Directors	0.29	0.17
TOTAL	4.94	3.59

Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956

(₹ in Crores)

Particulars	2010-11
Profit before Taxes as per Profit & Loss Account	134.80
Add:	
Depreciation as per Accounts	116.16
Managerial Remuneration	4.94
Directors' Sitting Fees	0.01
	255.91
Less:	
Surplus on disposal of fixed assets as Per Section 349	49.74
Depreciation as per Section 350	116.16
Adjustment on account of earlier year	23.66
Net Profit under Section 349/350 for computing Managerial Remuneration	66.35

Commission to

- Chairman and Managing Director and Whole Time Director at 10% maximum ₹ 6.64 Crores, restricted up to ₹ 2.11 Crores.
- Non Whole-Time Directors at 1% maximum ₹ 0.67 Crores, restricted up to ₹ 0.29 Crores.

3. CONTINGENT LIABILITIES

- Bills discounted ₹114.20 Crores (₹ 55.49 Crores).
- Claims against the Company not acknowledged as Debt ₹ 8.29 Crores (₹ 8.51 Crores).
- Guarantees given by the Banks on behalf of the Company ₹ 23.84 Crores (₹ 15.42 Crores).
- Guarantee given by the Company to Bank on behalf of others ₹ 49.80 Crores (₹ Nil).
- Guarantees given by the Company on behalf of the subsidiary/ joint venture ₹ 330.73 Crores (₹ 208.56 Crores).
- Excise/Custom demands, Sales Tax demands, Income Tax demands and Service Tax demands in dispute ₹16.04 Crores (₹ 13.52 Crores), ₹ 18.02 Crores (₹ 14.75 Crores), ₹ 3.82 Crores (₹ 6.14 Crores) and ₹ 1.33 Crores (₹ 1.06 Crores) respectively.

- The estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 140.06 Crores (₹ 15.91 Crores).

5. Equity Shares and Warrants

- In the Extra Ordinary General Meeting of the Company held on May 12, 2009, the shareholders have approved the preferential allotment of 3,32,00,000 warrants to Promoters/Promoter Group at an issue price of ₹ 15/- which are convertible into 3,32,00,000 equity shares of ₹ 10/- each at a premium of ₹ 5/- at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches and;
- The Promoters/Promoter Group have exercised the right for conversion of 2,00,50,000 warrants (1,30,00,000 warrants) into Equity Shares within the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand converted in to 2,00,50,000 Equity Shares (1,30,00,000 Equity Shares) of ₹ 10/- each at a premium of ₹ 5/- per share.
- The Promoters/Promoter Group have not exercised the right for conversion of 1,50,000 warrants (4,10,00,000 warrants) into Equity Shares within the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand forfeited and paid up amount of ₹ 0.06 Crores (₹ 21.32 Crores) on such warrants has been transferred to Capital Reserve.
- During the year, the Company has issued 23,72,500 equity shares of ₹ 10/- each at a premium of ₹ 4.65 per share on exercise of stock option granted to its employees and directors under the ESOS 2008 plan.

Notes forming part of the Accounts

6. SECURED LOANS

LOANS FROM BANKS, FINANCIAL INSTITUTIONS AND OTHERS

Loans from Banks stand secured as under:

Term Loans of ₹ 772.53 Crores

Secured by (a) first charge on all the Immovable Properties, Movable Properties, Intangible Properties and General Assets of the Company presently relating to the Textile Plants and all Immovable Properties, Movable Properties, Intangible Properties and General Assets acquired by the Company at any time after execution of and during the continuance of the Indenture of Mortgage; (b) additional charge by way of mortgage on Immovable Properties at villages Jethlaj, Karoli, Vadsar, Moti Bhojan, Santej and Khatrej; (c) charge on the Company's Trademarks and (d) Secured by second charge on all the Company's Current Assets both present and future relating to the Textile Plants. Out of these ₹ 538.20 Crores are additionally secured by first charge on Movable Fixed Assets of Jeans and Shirts Garment divisions at Bangalore.

Cash Credit and other facilities of ₹ 777.73 Crores

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

From Financial Institutions and others:

Loans from Financial Institutions and others stand secured as under:

Out of Loans of ₹ 212.97 Crores

A. Loans amounting to ₹ 208.94 Crores are secured by (a) first charge on all the Immovable Properties, Movable Properties, Intangible Properties and General Assets of the Company presently relating to the Textile Plants and all Immovable Properties, Movable Properties, Intangible Properties and General Assets acquired by the Company at any time after execution of and during the continuance of the Indenture of Mortgage; (b) additional charge by way of mortgage on Immovable Properties at villages Jethlaj, Karoli, Vadsar, Moti Bhojan, Santej and Khatrej; (c) charge on the Company's Trademarks and (d) Secured by second charge on all the Company's Current Assets both present and future relating to the Textile Plants. Out of these ₹ 17.54 Crores are additionally secured by first charge on Movable Fixed Assets of Jeans and Shirts Garment divisions at Bangalore.

B. Loan of ₹ 2.19 Crores is secured by first charge on Company's Immovable Property situated at Ramnagar, Bangalore. The Company is in the process of creating security.

C. Loans of ₹ 1.84 Crores are secured by hypothecation of related vehicles.

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

- Naroda Road, District Ahmedabad
- Village Santej at Taluka Kalol, District Mehsana
- Village Khatrej at Taluka Kalol, District Mehsana
- Asoka Spintex Division at Naroda Road, District Ahmedabad.

7. Other Liabilities include ₹ 1.48 Crores (₹ 0.94 Crores) on account of book overdraft.

8. Current Assets includes ₹ 292.51 Crores (₹ 257.89 Crores) and Capital Advances includes ₹ 1.37 Crores (₹ Nil) due from subsidiary companies. Current Liabilities includes ₹ 6.64 Crores (₹ 82.56 Crores) due to subsidiary companies.

9. REVALUATION OF FIXED ASSETS

The Company has revalued the entire block of Freehold and Leasehold Land with effect from 31st March, 2011 based on a valuation made by an approved valuer. The resultant increase in the gross block amounting to ₹ 230.98 Crores has been adjusted in the carrying value of Land block and credited to Revaluation Reserve.

10. IMPAIRMENT OF FIXED ASSETS

In accordance with the Accounting Standard (AS-28) on 'Impairment of Assets' notified by Companies (Accounting Standards) Rules, 2006, the Company has reassessed its fixed assets and is of the view that no further impairment/reversal is considered to be necessary in view of its expected realisable value.

11. REDUCTION OF CAPITAL:

A Scheme of Reduction of Capital (herein after referred to as "the Scheme") under Sections 78, 100 to 103 read with other relevant sections of the Companies Act, 1956 was approved by the shareholders of the Company on 25th September, 2009 and sanctioned by the High Court of Gujarat at Ahmedabad on 15th December, 2009.

Pursuant to the Scheme, the balance in Share Premium account has been utilized to the extent of ₹ 20.25 Crores (₹ 37.48 Crores) (out of permitted utilization of ₹ 60 Crores). The details are as under:

Notes forming part of the Accounts

Sr. No.	Particulars	Amount ₹ in Crores	Effect on Profit for the year had the scheme not prescribed this accounting treatment
i	Reduction in carrying value of Stock	20.25	To the same extent
	Total	20.25	

12. EARLY ADOPTION OF AS 30, FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

- Consequent to the Announcement of the Institute of Chartered Accountants of India (ICAI), the Company had chosen to early adopt 'Accounting Standard – 30, Financial Instruments: Recognition and Measurement' in its entirety, read with limited revisions in various other Accounting Standards, as published by ICAI with effect from 1st July, 2008. Accordingly, the Company has changed the designation and measurement of all its significant financial assets and liabilities. All the financial assets and financial liabilities and derivatives have been remeasured at their respective fair values or at amortized cost as against cost or market value whichever is lower. In the spirit of complete adoption of AS - 30, the Company had also implemented the consequential limited revisions to 'Accounting Standard – 11' on 'The Effects of Changes in Foreign Exchange Rates' and 'Accounting Standard – 13' on 'Accounting for Investments' as had been announced by the ICAI.
- As a result, as on Balance Sheet date, Investments, Secured Loans and Unsecured Loans are lower by ₹ 2.19 Crores, ₹ 2.41 Crores and ₹ 3.03 Crores respectively and Hedge Reserve account is higher by ₹ 31.89 Crores on account of fair valuation of outstanding derivatives.

13. FOREIGN EXCHANGE DIFFERENCES

- As per the notification issued by the Ministry of Corporate Affairs dated 31st March, 2009 as amended from time to time, the Company had already exercised the option for accounting of exchange rate differences with effect from April 1, 2007. Consequent to the adoption of that option:
 - Exchange rate differences of long-term foreign currency loans which are related to acquisition of depreciable fixed assets have been added to or deducted from the cost of the assets and depreciated over the balance life of the assets and;
 - Exchange rate differences on other long-term foreign currency loans have been transferred to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized over the balance period of loans or up to 31st March, 2012 whichever is earlier.
- As a result:
 - An amount of ₹ Nil being the exchange rate

difference for the year (Previous year gain of ₹ 5.35 Crores) has been adjusted against the fixed assets.

- An amount of ₹ 0.75 Crores being the exchange rate gain for the year (Previous year gain of ₹ 1.06 Crores) remains to be amortized as at the balance sheet date.

14. EMPLOYEE BENEFITS

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

(₹ in Crores)

Particulars	2010-11	2009-10
Provident Fund	10.77	8.47
Superannuation Fund	1.75	1.63

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

(ii) State Plans

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

(₹ in Crores)

Particulars	2010-11	2009-10
Employee's State Insurance	5.05	4.30
Employee's Pension Scheme	6.38	6.10

(iii) Defined Benefit Plans

(a) Leave Encashment/Compensated Absences

Salaries, Wages and Bonus include ₹ 3.77 Crores (₹ 3.09 Crores) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

(b) Contribution to Gratuity Funds

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

Notes forming part of the Accounts

(₹ In Crores)

Particulars	2010-11	2009-10
Change in the Benefit Obligations :		
Liability at the beginning of the year	38.63	35.00
Less: Adjustment due to demerger	-	0.85
Liability at the beginning of the year after demerger	38.63	34.15
Interest Cost	3.21	2.73
Current Service Cost	3.27	3.00
Benefits Paid	(3.41)	(3.67)
Actuarial Loss	1.61	2.42
Liability at the end of the year	43.31	38.63
Fair Value of Plan Assets :		
Fair Value of Plan Assets at the beginning of the year	36.32	32.90
Less: Adjustment due to demerger	-	0.47
Fair Value at the beginning of the year after demerger	36.32	32.43
Expected Return on Plan Assets	3.22	2.70
Contributions	5.58	3.18
Benefits Paid	(3.41)	(3.67)
Actuarial gain/(loss) on Plan Assets :	(0.24)	1.68
Fair Value on Plan Assets at the end of the year	41.47	36.32
Total Actuarial Loss to be recognized	(1.85)	0.74
Actual Return on Plan Assets :		
Expected Return on Plan Assets	3.22	2.70
Actuarial gain/(loss) on Plan Assets	(0.24)	1.68
Actual Return on Plan Assets	2.98	4.38
Amount Recognized in the Balance Sheet :		
Liability at the end of the year	43.31	38.63
Fair Value of Plan Assets at the end of the year	41.47	36.32
Amount recognized in the Balance Sheet under "Provision for Retirement Benefit"	1.84	2.31
Expense Recognized in the Profit and Loss Account :		
Interest Cost	3.21	2.73
Current Service Cost	3.27	3.00
Expected Return on Plan Assets	(3.22)	(2.70)
Net Actuarial loss to be recognized	1.85	0.74
Expense recognized in the Profit and Loss Account under "Employee Emoluments"	5.11	3.77
Reconciliation of the Liability Recognized in the Balance Sheet :		
Opening Net Liability	2.31	1.72
Expense Recognized	5.11	3.77
Contribution by the Company	(5.58)	(3.18)
Amount recognized in the Balance Sheet under "Provision for Retirement Benefits"	1.84	2.31

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	8-8.25	7.75-8
Return on Plan Assets	8	8

INVESTMENT PATTERN:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government Securities	0.61	0.69
State Government Securities/Securities guaranteed by State/Central Government	0.70	1.35
Public Sector/Financial Institutional Bonds	7.51	11.06
Portfolio with Mutual Fund	90.77	86.28
Others (including bank balances)	0.41	0.62
Total	100	100

15. DISCLOSURE IN RESPECT OF CONSTRUCTION/JOB WORK CONTRACTS

(₹ in Crores)

Sr. No.	Particulars	2010-11	2009-10
1.	Amount of Contract Revenue recognized	4.01	0.16
2.	Disclosure in respect of contracts in progress at the reporting date		
A	Contract cost incurred and recognised profits less recognised losses up to the reporting date	4.01	0.16
B	Progress billings	Nil	Nil
C	Due from customers	0.08	0.09
D	Due to customers	Nil	Nil

16. DISCLOSURES IN RESPECT OF JOINT VENTURE

(a) List of Joint Ventures:

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

Notes forming part of the Accounts

(b) Financial interest in Jointly Controlled Entity: (₹ in Crores)

Sr. No.	Name of Joint Venture	Company's share of			
		Assets	Liabilities	Income	Expenses
		As at 31st March 2011 (As at 31st March 2010)		2010-11 (2009-10)	
1.	Arya Omnitalk Wireless Solutions Private Limited	16.80 (12.30)	11.82 (8.48)	15.41 (13.09)	14.24 (12.23)
2.	Arvind Murjani Brands Private Limited	23.41 (16.71)	14.42 (11.36)	40.26 (27.64)	36.90 (26.75)
3.	VF Arvind Brands Private Limited	77.33 (72.20)	77.71 (84.77)	120.70 (78.59)	114.74 (88.22)
4.	Arya Omnitalk Radio Trunking Services Private Limited	8.42 (N.A.)	2.17 (N.A.)	5.62 (N.A.)	5.18 (N.A.)

Company's share in:

- Contingent Liability in respect of guarantee given by Bank ₹ 2.10 Crores (₹ 0.13 Crores)
- Disputed Demand in respect of Income Tax, Excise Duty, Sales Tax and Service Tax ₹ 0.10 Crores (₹ Nil), ₹ Nil (₹ 7,500/-), ₹ 0.02 (₹ 0.02 Crores) and ₹ 0.44 Crores (₹ Nil) respectively.
- Capital commitments ₹ 0.51 Crores (₹ 0.26 Crores).
- Counter Guarantee given to ultimate holding company ₹ 107.60 Crores (₹ 69.60 Crores).

Note : The above figures are considered based on unaudited financial statements of the respective Jointly Controlled Entities except for Arvind Murjani Brands Private Limited the figures of which are based on audited financial statement.

17. LEASE RENT:

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

The particulars of these leases are as follows: (₹ in Crores)

Particulars	2010-11	2009-10
Future Minimum lease payments obligation on non-cancellable operating leases:	100.88	75.38
Not later than one year	6.53	4.51
Later than one year and not later than five years	51.32	21.91
Later than five years	43.03	48.96
Lease Payment recognised in Profit & Loss Account	6.41	5.70

- Plant and Machineries are taken on operating lease for a period of 5 to 8 years with the option of renewal.

The particulars of these leases are as follows: (₹ in Crores)

Particulars	2010-11	2009-10
Future Minimum lease payments obligation on non-cancellable operating leases:	124.01	60.88
Not later than one year	21.97	10.58
Later than one year and not later than five years	71.80	35.05
Later than five years	30.24	15.25
Lease Payment recognised in Profit & Loss Account	16.83	8.94

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

The particulars of these leases are as follows: (₹ in Crores)

Particulars	2010-11	2009-10
Future Minimum lease payments obligation on non-cancellable operating leases:	23.92	57.66
Not later than one year	7.66	14.19
Later than one year and not later than five years	16.26	38.41
Later than five years	-	5.06
Lease Payment recognised in Profit & Loss Account	7.11	12.37

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

The particulars of these leases are as follows: (₹ in Crores)

Particulars as on 31.03.2011	Minimum lease payments	Present Value of Minimum lease Payments	Interest and Other Charges not due
Future Minimum lease payments obligation:	0.48	0.46	0.02
Not later than one year	0.48	0.46	0.02
Later than one year and not later than five years	NIL	NIL	NIL
Later than five years	NIL	NIL	NIL

Particulars as on 31.03.2010	Minimum lease payments	Present Value of Minimum lease Payments	Interest and Other Charges not due
Future Minimum lease payments obligation:	1.10	1.00	0.10
Not later than one year	0.64	0.60	0.04
Later than one year and not later than five years	0.46	0.40	0.06
Later than five years	NIL	NIL	NIL

Notes forming part of the Accounts

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

The particulars of these leases are as follows: (₹ in Crores)

Particulars	2010-11	2009-10
Future Minimum lease payments under non-cancellable operating leases:	0.03	NIL
Not later than one year	0.03	NIL
Later than one year and not later than five years	NIL	NIL
Later than five years	NIL	NIL
Lease Income recognised in Profit & Loss Account	0.19	0.07

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

The particulars of these leases are as follows: (₹ in Crores)

Particulars	2010-11	2009-10
Future Minimum lease payments under non-cancellable operating leases:	0.61	0.53
Not later than one year	0.61	0.53
Later than one year and not later than five years	NIL	NIL
Later than five years	NIL	NIL
Lease Income recognised in Profit & Loss Account	0.63	0.53

Other Disclosure:

(₹ in Crores)

Class of Asset given on Lease	Gross Block		Depreciation Fund		
	As at 31-03-10	As at 31-03-11	As at 31-03-10	For the Year	As at 31-03-11
Plant and Machineries	4.70	4.70	0.92	0.49	1.41
Office Buildings	21.18	21.18	3.89	0.35	4.24

18. MICRO & SMALL ENTERPRISES DUES

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

- 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; and
- Interest accrued and unpaid at the end of the accounting year have not been given.

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

19. AUDITORS' REMUNERATION:

(₹ in Crores)

Statutory Auditors	2010-11	2009-10
As Auditors	0.45	0.45
In Other Capacity		
Tax Audit Matters	0.10	0.12
Taxation Matters	0.04	0.06
Company Law Matters and Other Services including Certification Work	0.42	0.46
Out of Pocket Expenses	0.03	0.04
Cost Auditor		
- Cost Audit Fees	0.02	0.02

20. NOTES TO CASH FLOW STATEMENT

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements notified by Companies (Accounting Standards) Rules, 2006.
- Figures in bracket represent outflow of cash.
- Cash and Cash Equivalents includes ₹ 5.77 Crores (Previous Year ₹ 6.20 Crores) not available for use by the Company.

21. SEGMENT REPORTING

(A) Primary Segment (Business Segment) (₹ in Crores)

Particulars	2010-11	2009-10
Segment Revenue		
a) Textiles	2609.17	2217.00
b) Others	82.03	99.88
c) Unallocable	0.02	0.01
Total Segment Revenue	2691.22	2316.89
Less: Inter Segment Revenue	0.00	0.00
Net Segment Revenue	2691.22	2316.89
Segment Results		
Segment Results before Interest and Finance Cost		
a) Textiles	335.76	203.99
b) Others	(1.18)	9.96
c) Unallocable	(5.19)	(6.48)
Total Segment Results	329.39	207.47
Less: Interest & Finance Cost	194.59	155.47
Profit from Ordinary Activities	134.80	52.00
Extra Ordinary Items (Net)	0.00	0.00
Profit before Tax	134.80	52.00

Notes forming part of the Accounts

(₹ in Crores)

Particulars	2010-11	2009-10
Other Information		
Segment Assets		
a) Textiles	2801.80	2706.00
b) Others	85.85	77.19
c) Unallocable	1372.06	962.07
Total Assets	4259.71	3745.26
Segment Liabilities		
a) Textiles	560.89	389.03
b) Others	28.65	29.79
c) Unallocable	61.79	34.80
Total Liabilities	651.33	453.62
Segment Depreciation/Impairment		
a) Textiles	109.25	108.39
b) Others	1.49	1.34
c) Unallocable	5.42	4.07
Total Depreciation/Impairment	116.16	113.80
Capital Expenditure		
a) Textiles	132.02	22.24
b) Others	4.88	0.00
c) Unallocable	43.87	15.24
Total Capital Expenditure	180.77	37.48
Non cash expenses other than Depreciation		
a) Textiles	1.91	0.42
b) Others	4.91	0.00
c) Unallocable	0.04	0.02
Total Non cash expenses other than Depreciation	6.86	0.44

(B) Secondary Segment (Geographical by Customers):

(₹ in Crores)

Particulars	2010-11	2009-10
Segment Revenue		
a) In India	1548.25	1273.30
b) Outside India	1142.97	1043.59
Total Sales	2691.22	2316.89
Carrying Cost of Assets by location of Assets		
a) In India	4157.88	3660.57
b) Outside India	101.83	84.69
Total	4259.71	3745.26
Addition to Assets		
a) In India	180.77	37.48
b) Outside India	0.00	0.00
Total	180.77	37.48

Notes:

- The Company has disclosed business segments as the primary segment. Segments have been identified taking into account the nature of the products, differential risks and returns, the Organizational structure and internal reporting system. The Company's operations predominantly relate to manufacturing of textiles.
- Types of Products and Services in each business segment :
 - Textiles** : Yarn, Fabric and Garments
 - Others** : EPABX and RAX Systems (Electronic Division), I.T. Services, Branded Garments and Construction business
- Intersegment Revenues are recognised at sales price.

Notes forming part of the Accounts

22. RELATED PARTY DISCLOSURES

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

List of Related Parties & Relationship :

Subsidiary Companies	Key Management Personnel and relatives	Joint Venture	Company under the control of Key Managerial Personnel
(A)	(B)	(C)	(D)
Asman Investment Limited	Shri Sanjay S. Lalbhai, Chairman and Managing Director	Arya Omnitalk Wireless Solutions Private Limited	Aura Securities Private Limited
Arvind Products Limited	Shri Jayesh K. Shah, Director & Chief Financial Officer	Arvind Murjani Brands Private Limited	
The Anup Engineering Limited	Shri Punit S. Lalbhai, Son of Chairman and Managing Director	VF Arvind Brands Private Limited	
Arvind Retail Limited	Shri Kulin S. Lalbhai, Son of Chairman and Managing Director	Arya Omnitalk Radio Turnking Services Private Limited	
Arvind Lifestyle Brands Limited		Arvind Bsafal Homes LLP	
Arvind Accel Limited			
Syntel Telecom Limited			
Arvind Infrastructure Limited			
Arvind Brands and Retail Limited (Formerly known as Silverstone Properties Limited)			
Arvind Worldwide Inc., USA			
Arvind Worldwide (M) Inc., Mauritius			
Arvind Overseas (M) Limited, Mauritius			
Arvind Spinning Limited, Mauritius			
Arvind Textile Mills Limited, Bangladesh			
Ahmedabad East Infrastructure LLP			

Note: Related Party Relationship is as identified by the Company and relied upon by the Auditors.

Related Party Transactions:

(₹ in Crores)

Nature of Transactions	Referred in 1(A) Above		Referred in 1(B) Above		Referred in 1(C) Above		Referred in 1(D) Above	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Purchases								
Goods and Materials	83.51	42.80			17.10	36.09		
Fixed Assets	1.54	0.03						
Sales								
Goods and Materials	175.83	145.66			17.65	21.55		
Fixed Assets	0.29	9.54						
Expenses								
Receiving of Services	60.88	69.85						
Remuneration & Other Services			4.80	3.54				
Others	1.02	0.31						
Income								
Rendering of Services	19.24	5.20			14.87	53.20		
Interest Income	1.33	17.53			0.42	0.23		
Others	17.82	0.00						
Finance								
Lease Rent Income	0.19	0.07						
Loan Given/(Repaid) (Net)	6.88	13.98			(1.00)	(1.10)		
Interest Expense	1.00	0.00					3.68	0.00
Lease Rent Expenses	0.19	0.19						
Guarantees & Collaterals	308.64	196.16			22.09	12.40		
Investments (Net)	3.77	190.12						
Outstanding :								
Receivable in respect of Current Assets & Capital Advances	293.88	257.89			14.72	19.52		
Payable in respect of Current Liabilities	6.64	82.56			10.86	14.35		
Receivable/(Payable) in respect of loans	184.97	178.09			3.20	4.20	(0.36)	0.00

Notes forming part of the Accounts

(₹ in Crores)

Name of Subsidiary	Loans & Advances in the nature of Loans	
	Closing Balance	Maximum Outstanding
Arvind Overseas (Mauritius) Limited	7.91	7.91
Asman Investments Limited	158.33	159.98
Arvind Products Limited	32.00	32.00
Arvind Worldwide (M) Inc.	4.21	4.24
Arvind Worldwide Inc. USA	2.01	2.02
Arvind Accel Limited	1.65	7.54
Arvind Textile Mills Limited, Bangladesh	0.01	0.01
Arvind Lifestyle Brands Limited	5.38	8.29
Arvind Retail Limited	6.47	6.47
Syntel Telecom Limited	0.12	0.12
Arvind Brands and Retail Limited (Formerly known as Silverstone Properties Limited)	1.25	1.25
Total	219.34	229.83

Note :

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

23. EARNING PER SHARE (EPS)

Particulars		2010-11	2009-10
Profit available to Equity Shareholder	₹ in Crores	134.80	51.11
Weighted average no. of Equity Shares for Basic EPS	Nos.	239200568	225191240
Weighted average no. of Equity Shares for Diluted EPS	Nos.	239353175	246687525
Nominal value of Equity Shares	₹	10	10
Basic Earning per Equity Share	₹	5.64	2.27
Diluted Earning per Equity Share	₹	5.63	2.07

(₹ in Crores)

(A) Reconciliation of Profit for the year, used for calculating Earning per Share	2010-11	2009-10
Profit for the year before Extra Ordinary Items	134.80	52.00
Less: Dividend on redeemable cumulative non-Convertible Preference Shares	0.00	0.76
Less: Tax on Preference Dividend	0.00	0.13
Profit/(Loss) available to Equity Shareholder	134.80	51.11

(B) Weighted average number of Equity Shares	2010-11	2009-10
No. of Shares for Basic EPS	239200568	225191240
No. of Shares for Diluted EPS after considering Potential equity shares to be converted from warrants and dilute effect of outstanding stock options	239353175	246687525

24. EMPLOYEE SHARE BASED PAYMENT

- During the year 2008-2009, the Company has formulated Employee Stock Option Scheme (ESOS 2008), the features of which are as follows :

Scheme	ESOS 2008
Date of Grant	October 25, 2008
Number of options granted	27,50,000
Exercise Price per option	₹ 14.65
Date of vesting	The vesting will be as under : 25% on April 30, 2010 25% on April 30, 2011 25% on April 30, 2012 25% on April 30, 2013
Exercise Period	Within 3 years from the date of respective vesting.
Method of settlement	Through allotment of one Equity Share for each option granted.

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

Particulars	2010-11	2009-10
Options Outstanding at start of year	26,05,000	27,50,000
Options Granted during the year	Nil	Nil
Options Lapsed during the year	Nil	1,45,000
Options Exercised during the year	23,72,500	Nil
Options vested but not exercised at end of year	Nil	Nil
Options not vested at end of year	2,32,500	26,05,000
Weighted Average Exercise Price per Option	₹ 14.65	₹ 14.65

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

Notes forming part of the Accounts

Particulars	ESOS 2008 – Vesting on April 30,			
	2010	2011	2012	2013
Estimated Value of Stock Options (₹)	6.64	7.26	8.05	8.66
Share Price at Grant Date (₹)	14.65	14.65	14.65	14.65
Exercise Price (₹)	14.65	14.65	14.65	14.65
Expected Volatility (%)	58.74%	54.53%	54.46%	53.71%
Dividend Yield Rate (%)	0.28%	0.28%	0.28%	0.28%
Expected Life of Options (in years)	3.01	4.01	5.02	6.02
Risk Free Rate of Interest (%)	7.57%	7.61%	7.65%	7.70%

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

(₹ in Crores)

Particulars	2010-11	2009-10
Net Profit After Tax as reported	134.80	51.11
Less : Amortisation of Compensation Cost (pro forma)	(0.75)	(0.76)
Net Profit considered for computing EPS (pro forma)	134.05	50.35
Earning Per Share - (Basic)		
- as reported	5.64	2.27
- pro forma	5.604	2.24
Earning Per Share - (Diluted)		
- as reported	5.63	2.07
- pro forma	5.601	2.04

25. DEFERRED TAX

In terms of the provisions of the Accounting Standard-22 "Accounting for Taxes on Income" notified by Companies (Accounting Standards) Rules, 2006, there is a net deferred tax asset on account of accumulated business losses and unabsorbed depreciation.

In compliance with provisions of Accounting Standard and based on General Prudence, the Company has not recognised the

deferred tax asset nor written back excess deferred tax liability, while preparing the accounts of the year under review.

26. 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.

27. DISCLOSURE IN RESPECT OF PROVISION FOR DISPUTED MATTERS

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

(₹ in Crores)

Particulars	2010-11	2009-10
Opening Balance	0.00	2.81
Add: Provision made	0.00	0.00
Less: Provision reversed	0.00	0.00
Less: Adjustment due to Demerger	0.00	2.81
Closing Balance	0.00	0.00

28. CATEGORY-WISE QUANTITATIVE DATA ABOUT DERIVATIVE INSTRUMENTS OUTSTANDING

Particulars	Currency	As at 31st March, 2011			As at 31st March, 2010		
		In Mn	Avg. Ex. Rate	₹ in Crores	In Mn	Avg. Ex. Rate	₹ in Crores
Forward Sales	USD	264.76	47.5598	1259.18	116.47	47.8081	556.84
	EUR	3.58	64.0061	22.89	0	0	0
	GBP	0.63	74.5309	4.70	1.50	70.4105	10.55
Forward Purchase	USD	0	0	0	5.68	47.7926	27.16
Option Deals	USD	106.80	48.5508	518.52	54.30	48.4343	263.00

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

Notes forming part of the Accounts

29. ACTUAL PRODUCTION

Class of Goods	Unit of Quantity	2010-11 Quantity In Crores	2009-10 Quantity in Crores
Cloth *	Meters	13.82	12.58
Cloth **	Kgs	0.32	0.21
Yarn ***	Kgs	0.01	0.19
EPABX	Lines	0.02	0.02
Garments****	Pcs.	1.29	1.87
Yarn @	Kgs	0.08	0.06
Grey @	Meters	0.06	0.08
Grey @	Kgs	(44331)	(38008)

* Net of internal consumption of 0.95 Crores (0.39 Crores) Meters

** Net of internal consumption of 0.10 Crores (0.25 Crores) Kgs

*** Net of internal consumption of 0.69 Crores (0.68 Crores) Kgs

**** Includes Garments produced outside the Company by Job workers; Net of Internal Consumption of (7,478) Pcs.

@ Semi Processed Goods meant for Sale.

Note :

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

30. Ministry of Corporate Affairs, New Delhi has issued notification S.O. 301 (E) dated February 8, 2011 granting exemption from disclosure requirements of paragraphs 3 (i) (a), 3 (ii) (a), 3 (ii) (b) and 3 (ii) (d) of Part- II of Schedule VI of the Companies Act, 1956. The Company falls under the category of Export Oriented Company as defined in the notification (whose export is more than 20% of the turnover); hence the Board of Directors has given consent with regard to non disclosure of the above mentioned information. In view of above, the Company has not disclosed the said information in the financial statement.

31. INSTALLED CAPACITY

Particulars	2010-11	2009-10
Spindles	72872	80644
Rotors	5472	5472
Stitching Machines	0	678
Knitting Machines	116	116
Looms	1162	931
EPABX/RAX System Lines	200000	200000
Garments (Pcs.)	13120000	12400000

Notes :

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

32. C.I.F. VALUE OF IMPORTS

(₹ in Crores)

	2010-11	2009-10
(a) Capital Goods	48.58	6.53
(b) Dyes & Chemicals, Stores and Spares Parts	66.54	49.76
(c) Raw Materials & Accessories	55.22	80.97

33. EXPENDITURE IN FOREIGN CURRENCY

(₹ in Crores)

	2010-11	2009-10
(a) Interest	32.08	37.09
(b) Commission	11.04	3.76
(c) Professional and Consultation Fees	1.91	1.89
(d) Other Matters	15.77	14.97
Total	60.80	57.71

34. CONSUMPTION OF IMPORTED RAW MATERIALS AND SPARES

(₹ in Crores)

	2010-11		2009-10	
	Raw materials	Spares	Raw materials	Spares
Imported	67.53	15.76	133.44	11.38
	5.23%	20.68%	13.77%	30.53%
Indigenous	1222.62	60.45	835.29	25.92
	94.77%	79.32%	86.23%	69.47%
Total	1290.15	76.21	968.73	37.30
	100%	100%	100%	100%

35. REMITTANCES IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS

	2010-11	2009-10
(a) Year to which the dividend relates	N.A.	N.A.
(b) Number of non- resident shareholders to whom remittances were made	Nil	Nil
(c) Numbers of shares on which remittances were made	Nil	Nil
(d) Amounts remitted ₹	Nil	Nil

36. EARNING IN FOREIGN EXCHANGE

(₹ in Crores)

	2010-11	2009-10
Export of goods on FOB basis	1137.58	1061.46

37. Figures less than 50,000, which are required to be shown separately, have been shown as actual in brackets.
38. Previous year's figures are shown in brackets and are regrouped or recast wherever necessary to make them comparable with those of the current year.

Signatures to Schedules 1 to 16

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

CA. N. D. Anklesaria
Partner
Ahmedabad, 20th May, 2011

SANJAY S. LALBHAI
Chairman & Managing Director
JAYESH K. SHAH
Director & Chief Financial Officer

R. V. BHIMANI
Company Secretary

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

Balance Sheet Abstract and Company's General Business Profile :**1 Registration Details :**

Registration No.	L17119GJ1931PLC000093
Balance Sheet Date	31.03.2011

State Code	04
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2 Capital Raised During the period : (Amount in ₹ Thousand)

Public Issue	Nil
Bonus Issue	Nil

Right Issue	Nil
Private Placement	224,225

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

Total Liabilities	36,204,577
-------------------	------------

Total Assets	36,204,577
--------------	------------

Sources of Funds :

Paid up Capital	2,544,005
Reserves & Surplus	15,411,113
Secured Loans	17,632,290
Unsecured Loans	488,932
Deferred Tax Liability	128,237

Application of Funds :

Net Fixed Assets	21,442,415
Investments	3,093,890
Foreign Currency Monetary Item Translation Difference Account	(7,489)
Net Current Assets	11,675,761
Miscellaneous Expenditure	Nil

4 Performance of Company : (Amount in ₹ Thousand)

Turnover	26,055,548
Profit before tax	1,348,031
Earning per Share - Basic (₹)	5.64
Earning per Share - Diluted (₹)	5.63
Dividend Rate	Nil

Total Expenditure	25,909,295
Profit after tax	1,348,031

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

Item Code No. (ITC Code)	52094200
Item Code No. (ITC Code)	52080000
Item Code No. (ITC Code)	62034200
Item Code No. (ITC Code)	62052000

Product Description	Denim
Product Description	Woven Fabrics of Cotton weighting not more than 200 g/m ²
Product Description	Mens/Boys Trousers/pants & shorts
Product Description	Mens/Boys shirts

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Ahmedabad, 20th May, 2011

Auditors' Report

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

1. We have examined the attached Consolidated Balance Sheet of **Arvind Limited** and its subsidiaries and Joint Ventures ("Arvind Group") (excluding 3 subsidiaries for the reasons stated in Note No. 3 of Schedule 17) as at 31st March 2011, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.
2. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of seven Subsidiaries and two Joint Venture Entities whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of ₹ 231.51 Crores as at 31st March 2011 and total Revenue of ₹ 152.01 Crores for the year then ended. These Financial Statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. We did not audit the financial statements of three Joint Venture Entities whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of ₹ 101.89 Crores as at 31st March 2011 and total Revenue of ₹ 141.72 Crores for the year then ended which were prepared by the management. The same has been considered for the purpose of consolidation and accepted as correct by us. Any adjustment to their balances on completion of audit could have consequential effect on the attached Consolidated Financial Statements.
5. As mentioned in Note No. 14 of schedule 17 in respect of early adoption by Arvind Limited (Holding Company) of Accounting Standard (AS) – 30 on 'Financial Instruments: Recognition and Measurement' and Limited revision arising out of it in other Accounting Standards, issued by the Institute of Chartered Accountants of India, the holding company has measured all its Financial Assets and Liabilities at their respective Fair Values or at Amortized Cost. Accordingly, Accounting Standard (AS)-13 on 'Accounting for Investments' and Accounting Standard (AS) – 11 on 'The Effects of Changes in Foreign Exchange Rates' have been followed only for those transactions which are not within the scope of Accounting Standard (AS) -30. Had the Company followed (AS) – 11 and (AS) – 13 in their entirety, the carrying amount of Investments, Secured Loans and Unsecured Loans would have been higher by ₹ 3.29 Crores, ₹ 2.41 Crores and ₹ 3.03 Crores respectively and carrying value of Hedge Reserve would have been lower by ₹ 31.89 Crores respectively.
6. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements and Accounting for Investments in Subsidiaries in Separate Financial Statements' with reference to note mentioned in para 5 above and Accounting Standard (AS) 27, 'Financial Reporting of Interests in Joint Ventures', notified by Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Arvind Group included in the consolidated financial statements.
7. On the basis of the information and explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of the Arvind Group, we are of the opinion that :
 - (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Arvind Group as at 31st March, 2011;
 - (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the Arvind Group for the year then ended and
 - (c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Arvind Group for the year then ended.

For **SORAB S. ENGINEER & CO.**
Firm Registration No. 110417W
Chartered Accountants

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

Ahmedabad, May 20, 2011

Consolidated Balance Sheet as at 31st March, 2011

	Schedule	₹ in Crores As at 31.03.2011	₹ in Crores As at 31.03.2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	254.40	239.55
Reserves and Surplus	2	1440.44	1043.93
		1694.84	1283.48
Minority Interest			
		16.05	14.07
Loan Funds			
Secured Loans	3	2134.08	2019.77
Unsecured Loans	4	77.01	181.87
		2211.09	2201.64
Deferred Tax Liability (Net)			
		21.59	13.44
Total		3943.57	3512.63
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	4072.88	3836.01
Less: Depreciation/Impairment		1545.36	1404.80
Net Block		2527.52	2431.21
Capital work-in-progress		157.49	57.88
		2685.01	2489.09
Investments			
Foreign Currency Monetary Item Translation Difference Account (Note No. 15)	6	44.04	43.73
		(0.75)	(1.06)
Current Assets, Loans & Advances			
Inventories	7	1238.51	801.23
Land Held for Sale		34.50	0.00
Sundry Debtors		501.22	425.92
Cash and Bank Balances		58.81	59.65
Other Current Assets		108.98	103.88
Loans and Advances		337.06	285.99
		2279.08	1676.67
Less: Current Liabilities and Provisions			
Liabilities	8	1048.15	685.08
Provisions		15.72	10.72
		1063.87	695.80
Net Current Assets			
		1215.21	980.87
Miscellaneous Expenditure			
(To the extent not written off)	9	0.06	0.00
Total		3943.57	3512.63

Notes Forming Part of Accounts

17

As per our report attached

SANJAY S. LALBHAI

Chairman & Managing Director

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

Firm Registration No. 110417W

Chartered Accountants

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Ahmedabad, May 20, 2011

R. V. BHIMANI

Company Secretary

Consolidated Profit and Loss Account for the year ended on 31st March, 2011

	Schedule	₹ in Crores 2010-11	₹ in Crores 2009-10
INCOME :			
Sales		4063.24	3234.39
Less : Excise Duty		41.99	27.10
		4021.25	3207.29
Operating Income	10	68.43	53.94
Other Income	11	37.20	21.46
		4126.88	3282.69
EXPENSES :			
Raw Materials and Accessories Consumed		1599.79	1202.86
Purchase of Finished goods		440.36	271.39
Employees' Emoluments	12	394.78	341.67
Others	13	1269.95	1038.66
Interest & Finance Costs (Net)	14	245.10	211.69
Depreciation	5	172.49	172.70
(Increase) in Stocks	15	(171.45)	(3.43)
		3951.02	3235.54
Profit before Taxes for the year		175.86	47.15
Less : Current Tax		33.21	14.99
Less : Deferred Tax		8.92	(12.19)
Less : Fringe Benefit Tax		0.00	0.01
Add : MAT Credit Entitlement		(31.62)	(8.77)
Profit for the year		165.35	53.11
Add : Excess Provision for Taxation written back		0.00	0.09
Add : Prior Period Income/(Expense)	16	0.00	(0.14)
Profit before Minority Interest		165.35	53.06
Less : Share of Minority Interest		0.48	3.11
		164.87	49.95
Balance as per last year's Balance Sheet		82.92	54.40
Add/(Less) : Adjustment on account of Consolidation/Demerger		6.21	(1.37)
Net Balance		89.13	53.03
Interim Dividend Paid on Preference Shares		0.00	(0.76)
Tax on Interim Dividend		0.00	(0.13)
Tax on Proposed Dividend		(0.06)	(0.06)
Transferred to Capital Reserve - Pre-acquisition Profit		0.00	(0.51)
Transferred to Special Reserve		(0.20)	0.00
Transferred to Capital Redemption Reserve		0.00	(19.80)
Transferred from Debenture Redemption Reserve		0.90	1.20
		254.64	82.92
Balance carried to Balance Sheet		254.64	82.92
		254.64	82.92
Earning Per Share ₹ (Face Value of ₹ 10/-) (Note No. 24)			
- Basic		6.89	2.18
- Diluted		6.89	1.99
Notes Forming Part of Accounts	17		

As per our report attached

SANJAY S. LALBHAI

Chairman & Managing Director

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

Firm Registration No. 110417W

Chartered Accountants

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Ahmedabad, May 20, 2011

R. V. BHIMANI

Company Secretary

Consolidated Cash Flow Statement for the year ended on 31st March, 2011

	₹ In Crores 2010-2011	₹ In Crores 2009-2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before extraordinary items	175.86	47.15
Adjustments for:		
Depreciation/Impairment	172.49	172.70
Retrenchment Compensation under VRS	0.00	(0.13)
Preliminary Expenses	(0.06)	0.12
Interest Income	(17.61)	(22.26)
Interest Expenses	214.15	232.56
Income from Investments	(0.25)	(0.19)
Exchange Rate Difference	(6.05)	(15.51)
Loss on Sale of Investments	0.10	0.00
Bad Debts/Advances Written Off	0.13	0.23
Sundry Debit/(Credit) Written Off	6.10	(0.57)
Fixed Assets Written Off	0.52	0.30
Provision for Doubtful debts	1.19	0.00
Prior Period Income/(Expense)	0.00	(0.14)
Excise Duty	0.00	(6.51)
Profit on Sale of Fixed Assets	(30.12)	(9.81)
	<u>340.59</u>	<u>350.79</u>
Operating Profit before Working Capital Changes	516.45	397.94
Working Capital Changes:		
Changes in Inventories	(457.53)	(67.49)
Changes in Trade and Other Receivables	(89.17)	(115.83)
Changes in Current Liabilities	<u>367.09</u>	<u>259.59</u>
Net Changes in Working Capital	(179.61)	76.27
Cash Generated From Operations	336.84	474.21
Advance Tax and Fringe Benefit Tax Paid (Net of Income Tax Refund)	<u>(30.49)</u>	<u>(16.46)</u>
Net Cash from Operating Activities	306.35	457.75
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(250.76)	(165.09)
Sale Proceeds from Fixed Assets	112.82	35.96
Changes in Investments	4.53	(25.44)
Changes in Loans & Advances	(22.17)	4.71
Income from Investments	0.25	0.19
Interest Income	<u>17.56</u>	<u>22.23</u>
Net Cash Flow from Investing Activities	(137.77)	(127.44)
C. Cash Flow from Financing Activities		
Issue of Equity Shares	14.91	13.00
Redemption of Preference Share Capital	0.00	(19.80)
Share Premium Received	11.13	6.50
Issue of Warrants	0.00	7.57
Interim Dividend on Preference Shares	0.00	(0.76)
Tax on Interim Dividend	(0.06)	(0.13)
Change in Borrowings	18.54	(83.89)
Interest Paid	<u>(213.94)</u>	<u>(232.86)</u>
Net Cash Flow from Financing Activities	(169.42)	(310.37)
Net Increase/(Decrease) in Cash & Cash Equivalents	(0.84)	19.94
Cash & Cash Equivalent at the beginning of the Period	59.65	39.66
Adjustment due to Consolidation	<u>0.00</u>	<u>0.05</u>
	59.65	39.71
Cash and Cash Equivalent at the end of the Period	58.81	59.65

Notes to Cash Flow Statement (Refer Schedule 17, Note 20)
As per our report attached

For **SORAB S. ENGINEER & CO.**
Firm Registration No. 110417W
Chartered Accountants

CA. N. D. ANKLESARIA
Partner
Ahmedabad, May 20, 2011

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Schedules forming part of Consolidated Accounts

SCHEDULE '1': SHARE CAPITAL

AUTHORISED

36,00,00,000 Equity Shares (Previous Year
36,00,00,000) of ₹10/-each

90,00,000 Preference Shares (Previous Year
90,00,000) of ₹100/- each

ISSUED & SUBSCRIBED

EQUITY SHARES

25,44,00,041 Equity Shares (Previous Year
23,19,78,441) of ₹10/- each

PAID UP (Note No. 7)

EQUITY SHARES

25,43,99,141 Equity Shares (Previous Year
23,19,77,541) of ₹10/- each fully paid up
Add : 900 Shares Forfeited
(Paid-up amount of ₹ 4,500/- (Previous Year ₹ 4,500/-)
on forfeited shares)

(of the above shares 39,44,950 Equity shares have
been allotted as fully paid Bonus Shares (Previous
Year 39,44,950 Equity Shares) by way of
capitalization of Reserves and 16,12,268 Equity
shares (Previous Year 16,12,268 Equity shares)
allotted as fully paid in terms of scheme of
Amalgamation without payment being received in cash.)

WARRANTS

NIL Warrants (Previous Year
2,02,00,000 Warrants of ₹ 15/- each, Paid up ₹ 3.75 each)

₹ in Crores
As at
31.03.2011

₹ in Crores
As at
31.03.2010

360.00

360.00

90.00

90.00

450.00

450.00

254.40

231.98

254.40

231.98

254.40

231.98

0.00

7.57

254.40

239.55

Schedules forming part of Consolidated Accounts

SCHEDULE '2': RESERVES AND SURPLUS**CAPITAL RESERVE**

As per last Balance Sheet

Add: Addition during the year (Note No.7)

Add: Adjustment on account of consolidation

CAPITAL RESERVE ON CONSOLIDATION

As per Last Balance Sheet

FOREIGN CURRENCY TRANSLATION RESERVE

As per Last Balance Sheet

Less: Adjustment on account of consolidation

CAPITAL REDEMPTION RESERVE

As per Last Balance Sheet

Add: Transferred from Profit & Loss Account

SHARE PREMIUM ACCOUNT

As per last Balance Sheet

Add: Received during the year

Less: Utilised during the year (Note No.13)

DEBENTURE REDEMPTION RESERVE

As per last Balance Sheet

Less: Transferred to Profit & Loss Account

REVALUATION RESERVE

As per last Balance Sheet

Add: Addition during the year (Note No.11)

Less: Utilised during the year

HEDGE RESERVE (Note No.14)

As per last Balance Sheet

Add: Addition during the year

INVESTMENT REVALUATION RESERVE (Note No.14)

As per last Balance Sheet

Add: Addition during the year

GENERAL RESERVE

As per last Balance Sheet

Add: Addition during the year

SPECIAL RESERVE

As per last Balance Sheet

Add: Addition during the year

BALANCE IN PROFIT AND LOSS ACCOUNT

₹ in Crores

As at
31.03.2011

₹ in Crores

As at
31.03.2010

29.91

8.08

0.06

21.32

0.00

0.51

29.97

29.91

28.35

28.35

28.35

28.35

(0.50)

(0.86)

0.03

0.36

(0.47)

(0.50)

69.50

49.70

0.00

19.80

69.50

69.50

720.54

751.52

11.13

6.50

731.67

758.02

20.25

37.48

711.42

720.54

0.90

2.10

0.90

1.20

0.00

0.90

80.67

24.52

230.98

56.15

311.65

80.67

5.79

0.00

305.86

80.67

33.29

(106.41)

(1.40)

139.70

31.89

33.29

(1.65)

(4.11)

4.94

2.46

3.29

(1.65)

0.00

0.00

5.79

0.00

5.79

0.00

0.00

0.00

0.20

0.00

0.20

0.00

254.64

82.92

1440.44

1043.93

Schedules forming part of Consolidated Accounts

	₹ in Crores As at 31.03.2011	₹ in Crores As at 31.03.2010
SCHEDULE '3': SECURED LOANS		
DEBENTURES	0.00	0.90
	0.00	0.90
FROM BANKS		
Cash Credit and other facilities	979.04	917.30
Term Loans	934.78	856.74
	1913.82	1774.04
FROM FINANCIAL INSTITUTIONS AND OTHERS	220.26	244.83
	220.26	244.83
	2134.08	2019.77
SCHEDULE '4': UNSECURED LOANS		
FROM BANKS		
Term Loan	0.00	39.44
Other Facilities	26.78	73.38
FROM FINANCIAL INSTITUTIONS & OTHERS	5.80	5.64
DEFERRED ELECTRICITY DUTY	22.68	27.85
INTER CORPORATE DEPOSIT	21.75	35.56
Out of above ₹ 41.44 Crores (₹ 128.22 Crores) is payable within one Year		
	77.01	181.87

Schedules forming part of Consolidated Accounts

₹ in Crores

Assets	GROSS BLOCK					DEPRECIATION					NET BLOCK		
	As on 01.04.2010	Adjustment due to Revaluation	Adjustment on Consolidation	Additions	Deductions	As on 31.03.2011	As on 01.04.2010	Adjustment due to Revaluation	Adjustment on Consolidation	Depreciation/ Impairment	Deductions/ Adjustments	As on 31.03.2011	As on 01.03.2010
Intangible Assets													
Goodwill on Consolidation	50.65			0.14	0.00	50.79						50.79	50.65
Patents & Technical Knowhow	0.49				0.22	0.27	0.04			0.10		0.14	0.45
Brand Value & Licence Brands	83.13					83.13	3.20			3.13		6.33	76.80
Computer Software	25.46			8.20		33.66	18.86			3.59		22.45	79.93
Vendor Network	6.27					6.27	1.25			1.25		2.50	6.60
Jobwork Network	1.73					1.73	0.35			0.35		0.70	1.38
Tangible Assets													
Freehold Land	680.47	230.95		32.76	4.96	939.22						939.22	680.47
Leasehold Land	239.51	0.03		9.05	76.54	172.05						172.05	239.51
Buildings	618.86			9.86	21.51	607.21	141.08			18.53	5.49	154.12	477.78
Machineries	1965.87		11.32	45.10	43.16	1979.13	1194.43		5.59	27.67		1299.55	771.44
Machineries acquired on Finance Lease	1.66					1.66	0.27			0.27		0.54	1.39
Motor Vehicles	12.54		0.03	6.81	2.79	16.59	6.25		0.02	2.39		6.61	6.29
Office Machinery, Leasehold Improvements & Deadstocks	149.37		(1.72)	39.23	5.71	181.17	39.07		(0.37)	15.68		52.42	110.30
Total	3836.01	230.98	9.63	151.15	154.89	4072.88	1404.80		5.24	37.17		1545.36	2431.21
Previous Year	3681.37	75.85	45.71	97.02	63.94	3836.01	1279.33	19.70	(35.59)	31.34		1404.80	
Capital Work-in-Progress including advance for capital expenditure												157.49	57.88
												2685.01	2489.09

Notes:

- Freehold Land includes some lands which are pending for registration in favour of the Company.
- Buildings includes ₹ 0.79 Crores (₹ 0.79 Crores) in respect of ownership flats in Co-Operative Housing Society and (₹ 500/-) (₹ 500/-) in respect of shares held in Co-Operative Housing Society.
- Gross block includes ₹ 230.98 Crores being the amount added on revaluation as on 31st March 2011 and credited to revaluation reserve (Note No. 11).
- Deduction of Gross Block includes transfer of land ₹ 34.50 Crores (₹ Nil) to Land held for Sale.
- Deduction of Gross Block includes Capital Subsidy of Rs 1.89 Crores (₹ 4.69 Crores) received during the year.
- Deduction of Gross Block includes Subsidy of Rs 0.22 Crores (₹ Nil) received during the year on account of Technical Know how.
- Deduction of Gross Block includes exchange rate difference of ₹ Nil (₹ 6.15 Crores)
- Out of current year's depreciation, an amount of ₹ Nil (₹ 4,306/-) has been capitalised during the year.

Schedules forming part of Consolidated Accounts

	₹ in Crores As at 31.03.2011	₹ in Crores As at 31.03.2010
SCHEDULE '6' : INVESTMENTS*		
A. NON TRADE INVESTMENTS - (UNQUOTED) (HELD-TO-MATURITY)		
GOVERNMENT SECURITIES (UNQUOTED)	0.02	0.02
B. TRADE INVESTMENTS (AVAILABLE FOR SALE)		
i. Fully Paid Equity Shares (Quoted)	10.22	5.28
ii. Fully Paid Equity Shares (Unquoted)	3.87	9.88
iii. OTHER INVESTMENTS		
Fully Paid Equity Shares (Quoted)	0.01	0.00
Fully Paid Equity Shares (Unquoted)	22.00	22.00
C. INVESTMENTS IN SUBSIDIARY COMPANIES (Note No.3)		
Fully Paid Equity Shares (Unquoted)	35.24	34.05
D. INVESTMENT IN PARTNERSHIP FIRM**	1.59	5.03
E. SHARE APPLICATION MONEY	4.80	1.18
	77.75	77.44
Less : Provision for diminution in value of Investment	33.71	33.71
	44.04	43.73
Note :		
* Previously classified as Long Term Investments and valued at Cost unless otherwise stated.		
** The financial statements of partnership firm are under compilation and therefore the balance of capital account disclosed above is subject to change.		
SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Inventories		
Stores and Spares	44.92	50.18
Fuel	3.32	2.19
Stock-in-trade		
Raw Materials	383.14	148.54
Finished Goods	188.75	136.69
Finished Goods (Traded)	208.81	136.51
Goods in Transit	6.77	8.14
Work-in-Progress	366.82	288.95
Project Work-in-Progress/Material Work at Site	33.53	27.95
Waste	2.45	2.08
	1190.27	748.86
	1238.51	801.23
Land Held for Sale	34.50	0.00
Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered Good	49.37	26.33
Considered Doubtful	3.78	2.86
Less:Provision	3.78	2.86
	0.00	0.00
	49.37	26.33
Others (Considered Good)	451.85	399.59
	501.22	425.92

Schedules forming part of Consolidated Accounts

SCHEDULE '7': CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

Cash & Bank Balances

Cash on hand	1.27	1.52
Cheques on hand	0.02	1.10

Bank Balances

With Scheduled Banks in India

In Current Accounts (including ₹ 0.33 Crores in unpaid dividend accounts) (₹ 0.33 Crores)	14.81	31.32
In Exchange Earners Foreign Currency A/c	0.15	0.08
In Cash Credit Account	8.18	9.82
In Savings Account	(₹ 45,808/-)	(₹ 42,732/-)
In Fixed Deposit Accounts	34.24	15.70
(₹ 23.20 Crores lodged with Bank as Security for Guarantee Facility and ₹ 0.01 Crores lodged with Court for ESI case (₹ 12.31 Crores and ₹ 0.01 Crores respectively))		

With Banks outside India

(In books of foreign subsidiaries)	0.14	0.11
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57.52	57.03
58.81	59.65

Other Current Assets

Interest accrued	0.41	0.36
Other receivables	108.57	103.52
	108.98	103.88

LOANS & ADVANCES (Unsecured, Considered Good unless stated Otherwise)

Loans & Advances

Advances Receivable in Cash or Kind	224.76	200.53
MAT Credit Entitlement Receivable	60.48	34.88
Other Loans	43.84	45.90
	329.08	281.31

Considered Doubtful	1.15	1.14
Less: Provision	1.15	1.14
	0.00	0.00

Loans and Advances to Subsidiary Companies		
Considered Doubtful	7.91	7.91
Less: Provision	7.91	7.91
	0.00	0.00

Advance Tax paid (Net of Tax Provision of ₹ 84.84 Crores; (₹ 47.45 Crores))	7.98	4.68
	337.06	285.99

2279.08	1676.67
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Schedules forming part of Consolidated Accounts

	₹ in Crores As at 31.03.2011	₹ in Crores As at 31.03.2010
SCHEDULE '8': CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Acceptances	162.43	15.73
Sundry Creditors		
-Due to Micro and Small Enterprises (Note No.18)	0.00	0.00
-Others	672.31	526.45
Other Liabilities (Note No.9)	211.17	140.68
Interest accrued but not due on Loans	1.62	1.41
Investor Education & Protection Fund shall be credited by the following amounts namely: @		
- Unpaid Dividend	0.33	0.33
- Unpaid Matured Debentures	0.23	0.23
- Interest on Deposits	0.06	0.06
- Interest on Debentures	0.00	0.19
	<u>0.62</u>	<u>0.81</u>
	<u>1048.15</u>	<u>685.08</u>
Provisions		
Tax on Dividend	0.06	0.06
Pension	0.56	0.45
Gratuity	2.75	2.30
Superannuation	1.67	0.10
Leave Encashment	10.60	6.62
Others	0.08	1.19
	<u>15.72</u>	<u>10.72</u>
	<u>1063.87</u>	<u>695.80</u>
@ No amount is due as on 31st March, 2011 for credit to Investor Education and Protection Fund (Fund). The actual amount to be transferred to the fund in this respect will be determined on the respective due dates.		
SCHEDULE '9': MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Preliminary Expenses	0.09	0.00
Less: Written off during the Year	<u>0.03</u>	<u>0.00</u>
	0.06	0.00
Retrenchment Compensation under VRS	0.00	10.07
Add: Addition during the Year	0.00	0.13
Less: Adjusted during the Year	<u>0.00</u>	<u>10.20</u>
	<u>0.00</u>	<u>0.00</u>
	<u>0.06</u>	<u>0.00</u>

Schedules forming part of Consolidated Accounts

	₹ in Crores 2010-11	₹ in Crores 2009-10
SCHEDULE '10': OPERATING INCOME		
Processing Income (Income Tax deducted ₹ 0.52 Crores Previous Year ₹ 0.78 Crores)	12.77	14.73
Other Operating Income (Income Tax deducted ₹ 0.70 Crores Previous Year ₹ 0.80 Crores)	28.19	27.11
Gain on Forward Contracts	27.47	12.10
	68.43	53.94
SCHEDULE '11': OTHER INCOME		
Income from Investments		
From Trade Investments	0.25	0.19
Other Income (Income Tax deducted ₹ 0.09 Crores Previous Year ₹ 0.28 Crores)	4.47	9.70
Rent (Income Tax deducted ₹ 0.05 Crores Previous Year ₹ 0.21 Crores)	0.65	0.61
Profit on Sale of Fixed Assets (Net)	30.12	9.81
Excess Provision No Longer required (Net)	1.71	1.15
	37.20	21.46
SCHEDULE '12': EMPLOYEES' EMOLUMENTS		
Salaries, Wages, Bonus and Gratuity	344.21	302.53
Contribution to Provident Fund and Other Funds	35.84	28.30
Welfare Expenses	9.79	7.25
	389.84	338.08
Directors' Remuneration	2.54	3.42
Directors' Commission	2.40	0.17
	4.94	3.59
	394.78	341.67
SCHEDULE '13': OTHERS		
Power & Fuel	305.93	250.59
Stores Consumed	242.36	253.08
Processing Charges	79.68	83.71
Repairs		
Building Repairs	2.04	2.74
Machinery Repairs	96.01	48.73
Other Repairs	13.74	13.75
	111.79	65.22
Construction Contract Expense	66.53	0.00
Printing, Stationery and Communication	9.18	9.84
Insurance premium	5.08	6.15
Rates & Taxes	10.15	8.94
Excise duty	1.43	0.15
Rent	41.90	64.89

Schedules forming part of Consolidated Accounts

SCHEDULE '13': OTHERS (Contd.)

	₹ in Crores 2010-11	₹ in Crores 2009-10
Commission, Brokerage and Discount	83.91	69.92
Royalty on Sales	21.34	12.58
Advertisement Expenses	59.60	35.91
Freight, Insurance and Clearing Charges	33.45	36.09
Miscellaneous Labour Charges	30.20	48.07
Provision for doubtful debt/Advances	1.19	0.00
Bad Debts/Advances Written Off	0.13	0.23
Fixed Assets Written Off	0.52	0.30
Loss on Sale of Investments (net)	0.10	0.00
Directors Fees	0.05	0.06
Other Expenses	165.43	92.93
	1269.95	1038.66

SCHEDULE '14': INTEREST AND FINANCE COSTS (NET)

Interest		
On loans for a Fixed Period	146.99	149.86
Others	67.16	73.36
	214.15	223.22
Less: Interest Income		
Interest from Others	17.61	22.26
(Income Tax deducted ₹ 0.58 Crores Previous Year ₹ 2.11 Crores)		
Net Interest Expenses	196.54	200.96
Other Finance Cost	54.61	34.25
Exchange Rate Difference	(6.05)	(23.52)
	245.10	211.69

SCHEDULE '15': (INCREASE) IN STOCKS

Finished Goods, Work-in-Progress and Waste

Closing Stocks	582.23	428.84
Opening Stocks	428.84	454.02
Less: Adjusted against Securities Premium (Note No. 13)	20.25	0.00
Less: Written off during the Year	0.04	0.00
Add/(Less): Adjustment on account of Consolidation/Demerger	2.19	(28.60)
	410.74	425.42
	(171.49)	(3.42)
Excise Duty in Value of Stocks - Increase / (Decrease)	0.04	(0.01)
(Increase) in Stock	(171.45)	(3.43)

SCHEDULE '16': PRIOR PERIOD INCOME / (EXPENSE)

Other Expense Relating to Earlier Year	0.00	(0.14)
	0.00	(0.14)

Schedules forming part of Consolidated Accounts

SCHEDULE 17 : NOTES FORMING PART OF CONSOLIDATED ACCOUNTS:

1. BASIS OF CONSOLIDATION

Basis

- (i) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard - 21 on "Consolidated Financial Statements" notified by Companies (Accounting Standards) Rules, 2006 and relevant clarifications issued by the Institute of Chartered Accountants of India. The Consolidated Financial Statements comprise the financial statements of **Arvind Limited** and its subsidiaries and its Joint Venture entities. Reference in these notes to Arvind Limited, Company, Parent Company, Companies or Group shall mean to include Arvind Limited or any of its subsidiaries and its Joint Venture entities consolidated in the financial statements, unless otherwise stated.
- (ii) The Notes and Significant Policies to the Consolidated Financial Statements are intended to serve as a guide for better understanding of the Group's position. In this respect, the Company has disclosed such notes and policies, which represent the needed disclosure.

Principles

- (i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses are fully eliminated.
- (ii) The difference between cost to the Company of its investments in the subsidiary companies and its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as Goodwill or Capital Reserve as the case may be.
- (iii) Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments.
- (iv) In case of Foreign Subsidiaries, revenue items are consolidated at the average rate prevailing during the year. All assets and Liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on translation is accumulated in a Foreign Currency Translation Reserve in the Balance Sheet.
- (v) The subsidiary companies which have closed their business and disposed off entire undertaking and ceased to operate as going concern basis have been excluded from consolidation as there are no material economic resources or obligations to be disclosed in case of such companies.

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

2. THE LIST OF SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ARE AS UNDER:

Sr. No.	Name of Subsidiary	Country of Incorporation	Proportion of Ownership as on 31st March 2011
1	Asman Investments Limited	India	95.63%
2	Arvind Products Limited	India	53.66%
3	The Anup Engineering Limited	India	88.24%
4	Arvind Worldwide Inc.	USA	100%
5	Arvind Worldwide (M) Inc.	Mauritius	100%
6	Arvind Accel Limited	India	100%
7	Syntel Telecom Limited	India	100%
8	Arvind Infrastructure Limited	India	100%
9	Arvind Brands & Retail Limited (Formerly known as Silverstone Properties Limited)	India	99.50%
10	Arvind Lifestyle Brands Limited	India	99.75%
11	Arvind Retail Limited	India	99.75%
12	Ahmedabad East Infrastructure LLP	India	100%

3. THE LIST OF SUBSIDIARIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ARE AS UNDER:

Sr. No.	Name of Subsidiary	Country of Incorporation	Proportion of Ownership as on 31st March 2011
1	Arvind Overseas (Mauritius) Limited	Mauritius	100%
2	Arvind Spinning Limited	Mauritius	100%
3	Arvind Textile Mills Limited	Bangladesh	100%

Notes:

- Arvind Overseas (Mauritius) Limited and Arvind Spinning Limited have closed their business and disposed off entire undertaking, and ceased to operate as going concern basis.
- Arvind Textile Mills Limited has yet not commenced business operations.

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

4. THE FOLLOWING JOINT VENTURE ENTITIES HAVE BEEN INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS:

Sr. No.	Name of Joint Venture	Country of Incorporation	Proportion of Ownership as on 31st March 2011
1	Arya Omnitalk Wireless Solutions Private Limited	India	50%
2	Arya Omnitalk Radio Trunking Services Private Limited	India	50%
3	Arvind Murjani Brands Private Limited	India	50%
4	VF Arvind Brands Private Limited	India	40%
5	Arvind B-Safal Homes LLP	India	50%

5. SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) REVENUE RECOGNITION

- (A.1) Sales and operating income includes sale of products, by-products and waste, income from job work services and gain or loss on forward contracts. Sales are recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Sales are stated net of returns, excise duty & Sales Tax/ VAT. Export incentives are accounted on accrual basis at the time of export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.
- (A.2) 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.
- (A.3) 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.
- (A.4) 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.

(A.5) 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.

(A.6) Revenue from job work services and Rental Income are recognized based on the services rendered in accordance with the terms of contracts.

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

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

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

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

(A.8) Claims receivable on account of Insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

(A.9) Dividend is accounted for as and when it is received.

(B) VALUATION OF INVENTORY

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

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

(C) FIXED ASSETS & DEPRECIATION

Tangible Assets

(C.1) Fixed assets are stated at their original cost of acquisition or construction / revalued cost wherever applicable less accumulated depreciation and impairment losses. Cost comprises of all costs

incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of launching new stores to the extent they are attributable to the new store.

- (C.2) Land held for sale is stated at the lower of their net book value and net realizable value.
- (C.3) Exchange rate gain or loss on foreign currency loans related to acquisition of depreciable assets are being capitalized as per the notification dated 31st March, 2009 issued by Ministry of Corporate Affairs, New Delhi.
- (C.4) Depreciation on Revalued Fixed Assets is calculated on the residual life of the assets or as per rates specified in the Schedule XIV to the Companies Act, 1956 whichever is higher.
- (C.5) Additions to fixed assets have been stated at cost net of CENVAT wherever applicable.
- (C.6) Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under capital work-in-progress, pending capitalization.
- (C.7) Depreciation on additions to Fixed Assets has been provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956, as existing at the time of capitalization except for motor vehicles where depreciation has been provided at 20/25%.
- (C.8) Depreciation on lease hold improvements in case of Branded Garment divisions has been provided at 10% & in case of Furniture given to Employees it has been provided at 18%.
- (C.9) Depreciation on impaired asset is provided on the asset's revised carrying amount, over its remaining useful life.
- (C.10) Depreciation on exchange rate difference capitalized is provided over the balance life of the assets as per the notification dated 31st March, 2009 issued by the Ministry of Corporate Affairs.
- (C.11) Individual assets costing less than ₹ 5,000/- have been fully depreciated in the year of purchase on pro rata basis.
- (C.12) In the case of foreign subsidiaries, depreciation has been provided as per the rates permitted under the local laws/at such rate so as to write off the assets over its useful life.
- (C.13) Premium on Leasehold Land is amortized over the period of Lease.
- (C.14) Revaluation Reserve on Assets sold is transferred to General Reserve.

Intangible Assets

- (C.15) Intangible assets are stated at their cost of acquisition and / or 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.

- (C.16) The Company capitalizes software and related implementation costs where it is reasonably estimated that the software has an enduring useful life.
- (C.17) Job Workers' Network Value and Vendors' Network Value have been amortized on Straight Line basis over the period of five years. Value of License Brands and Brand Value have been amortized in the ratio of revenue expected to be generated from these brands over the period of ten years.
- (C.18) Software is depreciated over management estimate of its useful life of 5 years.
- (C.19) Patent/Knowhow is depreciated over its useful validity period.

(D) INVESTMENTS

For Arvind Limited

- (D.1) Investments are classified as investments in Subsidiaries, Available for Sale and Held-to-Maturity within the meaning of Accounting Standard 30 on 'Financial Instruments: Recognition and Measurement' read with the limited revision of Accounting Standard 21 on Consolidated Financial Statements.
- (D.2) Investments in subsidiaries are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.
- (D.3) Investments classified as available for sale are re-measured at subsequent reporting dates to fair value. Unrealized gains/losses on such investments are recognised directly in Investment Revaluation Reserve Account. At the time of disposal, de-recognition or impairment of the investments, cumulative gain or loss previously recognised in the investment revaluation reserve account is recognised in the profit and loss account.
- (D.4) Investments classified as held for trading that have a market price are measured at fair value and gain/loss arising on account of fair valuation is routed through profit and loss account.

For Subsidiaries and Joint Ventures

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

(E) IMPAIRMENT OF ASSETS

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the

cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the profit and loss account.

(F) FOREIGN CURRENCY TRANSACTIONS

- (F.1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (F.2) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- (F.3) Non-monetary foreign currency items are carried at cost.
- (F.4) All long-term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the year have been restated at the rate prevailing at the balance sheet date. The difference arising as a result has been added to or deducted from the cost of the assets as per the notification issued by the Ministry of Corporate Affairs dated March 31, 2009. Exchange rate difference on other long-term foreign currency loans carried to 'Foreign Currency Monetary Item Translation Difference Account' has been amortized to be amortized up to the period of loan or up to March 31, 2012 whichever is earlier.
- (F.5) Any income or expense on account of exchange difference either on settlement or on translation other than as mentioned in (F.4) above is recognized in the profit and loss account.
- (F.6) Expenses of overseas offices are translated and accounted at the monthly average rate.

(G) DERIVATIVES AND COMMODITY HEDGING TRANSACTIONS

- (G.1) In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company neither holds nor issues any derivative financial instruments for speculative purposes.
- (G.2) Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.
- (G.3) Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in hedging reserve account. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to hedged risk. Any cumulative gain or loss on the hedging instrument

recognised in hedging reserve is kept in hedging reserve until the forecast transaction occurs or the hedged accounting is discontinued. Amounts deferred to hedging reserve are recycled in the profit and loss account in the periods when the hedged item is recognised in the profit and loss account or when the portion of the gain or loss is determined to be an ineffective hedge.

- (G.4) Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the profit and loss account immediately.
- (G.5) Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to profit or loss for the year.

(H) EMPLOYEE BENEFITS

- (H.1) The Company has Defined Contribution Plans for post employment benefits namely Provident Fund and Superannuation Fund which are recognized by the Income Tax Authorities. These funds are administered through trustees and the Company's contributions thereto are charged to revenue every year. The Company also pays insurance premiums to fund a post-employment medical assistance scheme, a Defined Contribution Plan administered by ICICI Lombard General Insurance Company Limited which 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.
- (H.2) The Company has Defined Benefit Plans namely leave encashment/ compensated absences and Gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books. The actuarial valuation is done based on Projected Unit Credit Method. Gratuity scheme is administered through trust recognised by the Income Tax Authorities and/or by LIC.
- (H.3) Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(I) BORROWING COST

For Arvind Limited

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds. It is calculated on the basis of effective interest rate in accordance with Accounting Standard (AS) -30 and considered as revenue expenditure and charged to profit and loss account for the year in which it is incurred except for borrowing costs attributed to the acquisition/improvement of qualifying

assets up to the date when such assets are ready for intended use are capitalised as a part of the cost of such asset.

For Subsidiaries and Joint Ventures

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

(J) LEASE ACCOUNTING

- (J.1) Assets acquired under Finance Lease are segregated from the assets owned and recognized as asset at an amount equal to the fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments whichever is lower with corresponding outstanding liability.
- (J.2) Lease rental payable on such finance lease has been apportioned between finance charge and the reduction in the outstanding liability. The finance charge has been allocated to periods during the lease term so as to produce constant periodic rate of interest on the remaining balance of liability for each period.
- (J.3) Lease Rentals for assets acquired under operating lease are recognised as an expense in Profit & Loss Account on a straight-line basis over the lease term.

(K) TAXES ON INCOME

- (K.1) Tax expense consists of both current as well as deferred tax liability. Current tax represents amount of income tax payable including the tax payable u/s 115JB, if any, in respect of taxable income for the year.
- (K.2) Minimum Alternate Tax Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax within the specified period.
- (K.3) Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year that originates in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.
- (K.4) Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

(L) EARNING PER SHARE

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard 20 on Earnings per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number

of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

(M) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT

ASSETS

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

(N) CAPITAL ISSUE EXPENSES

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

(O) ACCOUNTING FOR JOINT VENTURE

Accounting for Joint Venture has been done as follows:

Type of Joint Venture	Accounting Treatment
Jointly Controlled Entity	Company's share of profit or loss is accounted on determination of profit or loss by the Joint Ventures.

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

6. CONTINGENT LIABILITIES

- (a) Bills discounted ₹ 114.20 Crores (₹ 55.49 Crores).
- (b) Guarantees given by the Banks on behalf of the Company ₹ 61.73 Crores (₹ 45.65 Crores).
- (c) Guarantees/Counter Guarantees given by the Company to Banks and Other Companies ₹ 235.84 Crores (₹ 133.84 Crores).
- (d) Income Tax demands, Excise/Custom Duty demands, Sales Tax demands, Service Tax Demands and Textile Committee Cess ₹ 4.02 Crores (₹ 6.25 Crores), ₹ 30.76 Crores (₹ 28.26 Crores), ₹ 19.35 Crores (₹ 16.08 Crores), ₹ 1.77 Crores (₹ 1.06 Crores) and ₹ 0.11 Crore (₹ 0.11 Crore) respectively.
- (e) Other demands in dispute ₹ 30.99 Crores (₹ 30.61 Crores).

7. EQUITY SHARES AND WARRANTS

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

- (2) The Promoters/Promoter Group have exercised the right for conversion of 2,00,50,000 warrants (1,30,00,000 warrants) into Equity Shares within the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand converted in to 2,00,50,000 Equity Shares (1,30,00,000 Equity Shares) of ₹ 10/- each at a premium of ₹ 5/- per share.
- (3) The Promoters/Promoter Group have not exercised the right for conversion of 1,50,000 warrants (4,10,00,000 warrants) into Equity Shares within the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand forfeited and paid up amount of ₹ 0.06 Crores (₹ 21.32 Crores) on such warrants has been transferred to Capital Reserve.
- (4) During the year, the Company has issued 23,72,500 equity shares of ₹ 10/- each at a premium of ₹ 4.65 per share on exercise of stock option granted to its employees and directors under the ESOS 2008 plan.

8. The estimated amount of contracts remaining to be executed on capital account and not provided for ₹148.98 Crores (₹ 23.39 Crores).
9. Other Liabilities include ₹ 1.48 Crores (₹ 3.43 Crores) on account of book overdraft.
10. Current Assets includes ₹ 0.01 Crore (Previous Year ₹ 0.01 Crore) due from subsidiary companies.

11. REVALUATION OF FIXED ASSETS

The Company has revalued the entire block of Freehold and Leasehold Land with effect from 31st March 2011 based on a valuation made by an approved valuer. The resultant increase in the gross block amounting to ₹ 230.98 Crores has been adjusted in the carrying value of Land block and credited to Revaluation Reserve.

12. IMPAIRMENT OF FIXED ASSETS

In accordance with the Accounting Standard (AS-28) on 'Impairment of Assets' notified by Companies (Accounting Standards) Rules, 2006, during the year the Company has reassessed its fixed assets and is of the view that no further impairment/reversal is considered to be necessary in view of its expected realizable value.

13. REDUCTION OF CAPITAL:

A Scheme of Reduction of Capital (herein after referred to as "the Scheme") under Sections 78, 100 to 103 read with other relevant sections of the Companies Act, 1956 was approved by the shareholders of the Company on 25th September, 2009 and sanctioned by the High Court of Gujarat at Ahmedabad on 15th December 2009.

Pursuant to the Scheme, the balance in Share Premium account has been utilized to the extent of ₹ 20.25 Crores (₹ 37.48 Crores) (out of permitted utilization of ₹ 60 Crores). The details are as under:

Sr.	Particulars	Amount ₹ in Crores	Effect on Profit for the year had the scheme not prescribed this accounting treatment
i	Reduction in carrying value of Stock	20.25	To the same extent
	Total	20.25	

14. EARLY ADOPTION OF AS 30, FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

- Consequent to the Announcement of the Institute of Chartered Accountants of India (ICAI), the Company had chosen to early adopt 'Accounting Standard – 30, Financial Instruments: Recognition and Measurement' in its entirety, read with limited revisions in various other Accounting Standards, as published by ICAI with effect from 1 July, 2008. Accordingly, the Company has changed the designation and measurement of all its significant financial assets and liabilities. All the financial assets and financial liabilities and derivatives have been remeasured at their respective fair values or at amortized cost as against cost or market value whichever is lower. In the spirit of complete adoption of AS - 30, the Company had also implemented the consequential limited revisions to 'Accounting Standard – 11' on 'The Effects of Changes in Foreign Exchange Rates' and 'Accounting Standard – 13' on 'Accounting for Investments' as had been announced by the ICAI.
- As a result, as on Balance Sheet date, Investments, Secured Loans and Unsecured Loans are lower by ₹ 3.29 Crores, ₹ 2.41 Crores and ₹ 3.03 Crores respectively and Hedge Reserve account is higher by ₹ 31.89 Crores on account of fair valuation of outstanding derivatives.

15. FOREIGN EXCHANGE DIFFERENCES

- As per the notification issued by the Ministry of Corporate Affairs dated 31st March, 2009 as amended from time to time, the Company had already exercised the option for accounting of exchange rate differences with effect from April 1, 2007. Consequent to the adoption of that option:
 - Exchange rate differences of long-term foreign currency loans which are related to acquisition of depreciable fixed assets have been added to or deducted from the cost of the assets and depreciated over the balance life of the assets and;
 - Exchange rate differences on other long-term foreign currency loans have been transferred to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized over the balance period of loans or up to 31st March, 2012 whichever is earlier.

As a result:

- An amount of ₹ Nil being the exchange rate gain for the year (Previous year gain of ₹ 6.15 Crores) has been adjusted against the fixed assets.
- An amount of ₹ 0.75 Crore being the exchange rate gain for the year (Previous year gain of ₹ 1.06 Crores) remains to be amortized as at the balance sheet date.

16. DISCLOSURE IN RESPECT OF CONSTRUCTION/JOBWORK CONTRACTS

(₹ in Crores)

Sr.	Particulars	2010-11	2009-10
1.	Amount of Contract Revenue recognised	21.69	5.28
2.	Disclosure in respect of contracts in progress at the reporting date		
A	Contract cost incurred and recognised profits less recognised losses up to the reporting date	21.47	4.33
B	Due from customers	3.19	1.35
C	Due to customers	5.71	2.72

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

The particulars of these leases are as follows: (₹ in Crores)

Particulars	2010-11	2009-10
Future Minimum lease payments obligation on non-cancellable operating leases:	283.74	206.20
Not later than one year	56.14	39.23
Later than one year and not later than five years	154.33	97.70
Later than five years	73.27	69.27
Lease Payment recognised in Profit & Loss Account	80.42	71.12

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

The particulars of these leases are as follows: (₹ in Crores)

Particulars	2010-11	2009-10
Future Minimum lease payments under non-cancellable operating leases:	0.61	0.61
Not later than one year	0.61	0.61
Later than one year and not later than five years	0.00	0.00
Later than five years	0.00	0.00
Lease Income recognised in Profit & Loss Account	0.71	0.61

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

The particulars of these leases are as follows: (₹ in Crores)

Particulars	Minimum lease payments	Present Value of Minimum lease Payments	Interest and Other Charges not due
Future Minimum lease payments obligation:	0.48 (1.10)	0.46 (1.00)	0.02 (0.10)
Not later than one year	0.48 (0.64)	0.46 (0.60)	0.02 (0.04)
Later than one year and not later than Five years	Nil (0.46)	Nil (0.40)	Nil (0.06)
Later than five years	Nil (Nil)	Nil (Nil)	Nil (Nil)

18. MICRO & SMALL ENTERPRISES DUES

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

- 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; and
- Interest accrued and unpaid at the end of the accounting year.

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

19. AUDITORS' REMUNERATION:

(₹ in Crores)

	2010-11	2009-10
Statutory Auditors		
As Auditors	1.02	0.94
In other capacities	0.83	0.84
Travelling and Out of Pocket Expenses	0.05	0.05
Cost Auditor		
Cost Audit Fees	0.03	0.03

20. NOTES TO CASH FLOW STATEMENT:

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements.
- Figures in bracket represent outflow of cash.
- Cash and Cash Equivalents include ₹ 23.21 Crores (₹ 12.32 Crores) not available for use by the Company.

21. SEGMENT REPORTING:

(A) PRIMARY SEGMENT (BUSINESS SEGMENT)

(₹ in Crores)

Particulars	2010-11	2009-10
Segment Revenue		
a) Textiles	2978.61	2432.22
b) Branded Garments	995.45	712.67
c) Others	189.91	132.76
d) Unallocable	0.02	0.01
Total Segment Revenue	4163.99	3277.66
Less: Inter Segment Revenue	74.31	16.43
Net Segment Revenue	4089.68	3261.23
Segment Results		
Segment Results before Interest & Finance Cost		
a) Textiles	358.34	220.26
b) Branded Garments	54.03	21.00
c) Others	13.78	24.01
d) Unallocable	(5.19)	(6.48)
Total Segment Results	420.96	258.79
Less: Interest & Finance Cost	245.10	211.69
Profit from Ordinary Activities	175.86	47.10
Extra Ordinary Items (Net)	0.00	0.00
Profit before Tax	175.86	47.10
Other Information		
Segment Assets		
a) Textiles	3070.68	2817.49
b) Branded Garments	833.63	572.42
c) Others	203.70	145.41
d) Unallocable	900.12	674.17
Total Assets	5008.13	4209.49
Segment Liabilities		
a) Textiles	629.92	401.06
b) Branded Garments	322.83	222.13
c) Others	70.92	51.25
d) Unallocable	61.79	34.80
Total Liabilities	1085.46	709.24
Segment Depreciation/Impairment		
a) Textiles	140.79	145.15
b) Branded Garments	23.42	21.78
c) Others	2.86	1.70
d) Unallocable	5.42	4.07
Total Depreciation	172.49	172.70
Capital Expenditure		
a) Textiles	150.89	33.26
b) Branded Garments	46.72	23.16
c) Others	9.28	11.67
d) Unallocable	43.87	15.24
Total Capital Expenditure	250.76	83.33

(₹ in Crores)

Particulars	2010-11	2009-10
Non cash expenses other than Depreciation		
a) Textiles	1.91	0.06
b) Branded Garments	5.55	0.43
c) Others	0.47	0.02
d) Unallocable	0.04	0.02
Total Non cash expenses other than Depreciation	7.97	0.53

(B) SECONDARY SEGMENT (GEOGRAPHICAL BY CUSTOMERS)

(₹ in Crores)

Particulars	2010-11	2009-10
Segment Revenue		
a) In India	2816.17	2137.30
b) Outside India	1273.51	1123.93
Total Sales	4089.68	3261.23
Carrying Cost of Assets by location of Assets		
a) In India	4894.56	4117.52
b) Outside India	113.57	92.07
Total	5008.13	4209.49
Addition to Assets		
a) In India	250.75	83.33
b) Outside India	0.01	0.00
Total	250.76	83.33

Notes:

- The Company has disclosed business segments as the primary segment. Segments have been identified taking into account the nature of the products, differential risks and returns, the organizational structure and internal reporting system. The company's operations predominantly relate to manufacturing of textiles and branded garments.
- Types of Products and Services in each business segment :
 - Textiles : Yarn, Fabric and Garments
 - Branded Garments : Branded Garments
 - Others : EPABX and RAX Systems (Electronic Division), I.T. Services and Construction business
- Inter segment Revenues are recognised at sales price.

22. RELATED PARTY DISCLOSURES:

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

List of Related Parties & Relationship:

Subsidiary Companies *	Key Management Personnel	Company under the control of Key Managerial Personnel
(A)	(B)	(C)
Arvind Overseas (M) Limited, Mauritius	Shri Sanjay S. Lalbhai Chairman and Managing Director	Aura Securities Private Limited
Arvind Spinning Limited, Mauritius	Shri Jayesh K. Shah Director & Chief Financial Officer	
Arvind Textile Mills Limited, Bangladesh	Shri Punit S. Lalbhai Son of Chairman and Managing Director	
	Shri Kulin S. Lalbhai Son of Chairman and Managing Director	

* Excluded for consolidation.

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

Nature of Transactions

(₹ in Crores)

	Referred in (A) Above		Referred in (B) Above		Referred in (C) Above	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Expenses						
Remuneration & Other Services			4.80	3.54		
Interest Expense					3.92	0.00
Income						
Sale of Goods					0.56	0.00
Service Income					0.13	0.00
Outstanding :						
Receivable in respect of:						
(a) Current Assets	0.01	0.01			0.32	0.00
(b) Loans	7.91	7.91				
Payable in respect of:						
(a) Loans					9.41	0.00

(₹ in Crores)

(B) 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:

(₹ in Crores)

Particulars	31.03.2011	31.03.2010
Opening Balance	0.30	0.00
Net Provision/(Reversal) made during the year	(0.10)	0.30
Closing Balance	0.20	0.30

24. EARNING PER SHARE (EPS):

Particulars		2010-11	2009-10
Profit available to Equity Shareholder	₹ in Crores	164.87	49.06
Weighted average no. of Equity Shares for Basic EPS	Nos.	239200568	225191240
Weighted average no. of Equity Shares for Diluted EPS	Nos.	239353175	246687525
Nominal value of Equity Shares	₹	10	10
Basic Earning per Equity Share	₹	6.89	2.18
Diluted Earning per Equity Share	₹	6.89	1.99

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

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

23. DISCLOSURE IN RESPECT OF PROVISIONS:

(A) PROVISION FOR DISPUTED MATTERS

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

Indirect Taxes (₹ in Crores)

Particulars	2010-11	2009-10
Opening Balance	2.81	2.81
Add : Provision made	0.00	0.00
Less : Provision reversed	0.00	0.00
Closing Balance	2.81	2.81

(₹ in Crores)

(A) Reconciliation of the profit for the year, used for calculating Earning per Share	2010-11	2009-10
Profit for the year	164.87	49.95
Less: Dividend on redeemable cumulative non Convertible Preference Shares	0.00	0.76
Less: Tax on Preference Dividend	0.00	0.13
Profit available to Equity Shareholder	164.87	49.06

(B) Weighted average number of Equity Shares	2010-11	2009-10
No. of Shares for Basic EPS	239200568	225191240
No. of Shares for Diluted EPS after considering Potential equity shares to be converted from warrants and dilute effect of outstanding stock options	239353175	246687525

25. EMPLOYEE SHARE BASED PAYMENT

- a) During the year 2008-2009, the Company has formulated Employee Stock Option Scheme (ESOS 2008), the features of which are as follows:

Scheme	ESOS 2008
Date of Grant	October 25, 2008
Number of options granted	27,50,000
Exercise Price per option	₹ 14.65
Date of vesting	The vesting will be as under: 25% on April 30, 2010 25% on April 30, 2011 25% on April 30, 2012 25% on April 30, 2013
Exercise Period	Within 3 years from the date of respective vesting.
Method of settlement	Through allotment of one Equity Share for each option granted.

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

Particulars	2010-11	2009-10
Options Outstanding at start of year	2605000	27,50,000
Options Granted during the Year	Nil	Nil
Options Lapsed during the Year	Nil	1,45,000
Options Exercised during the Year	2372500	Nil
Options Vested but not Exercised at end of Year	Nil	Nil
Options not Vested at end of Year	232500	26,05,000
Weighted Average Exercise Price per Option	₹ 14.65	₹ 14.65

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

Particulars	ESOS 2008 – Vesting on April 30,			
	2010	2011	2012	2013
Estimated Value of Stock Options (₹)	6.64	7.26	8.05	8.66
Share Price at Grant Date (₹)	14.65	14.65	14.65	14.65
Exercise Price (₹)	14.65	14.65	14.65	14.65
Expected Volatility (%)	58.74%	54.53%	54.46%	53.71%
Dividend Yield Rate (%)	0.28%	0.28%	0.28%	0.28%
Expected Life of Options (in years)	3.01	4.01	5.02	6.02
Risk Free Rate of Interest (%)	7.57%	7.61%	7.65%	7.70%

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

(₹ in Crores)

Particulars	2010-11	2009-10
Net Profit after Tax as reported	164.87	49.06
Less: Amortisation of Compensation Cost (pro forma)	(0.75)	(0.76)
Net Profit considered for computing EPS (pro forma)	164.12	48.30
Earning Per Share - (Basic)		
- as reported	6.89	2.18
- pro forma	6.861	2.15
Earning Per Share - (Diluted)		
- as reported	6.89	1.99
- pro forma	6.857	1.96

26. DEFERRED TAX

In accordance with the mandatory Accounting Standard – 22 “Accounting for Taxes on Income” notified by Companies (Accounting Standards) Rules, 2006, the Company is accounting for deferred tax.

In compliance with provisions of Accounting Standard, during the year under review, net deferred tax liability of ₹ 8.92 Crores has been provided. (Previous Year ₹ 12.19 Crores reversed).

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

27. CAPITAL RESERVE ON CONSOLIDATION

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

28. Sundry Debtors, Sundry Creditors and Loans and Advances include certain accounts which are subject to confirmation/reconciliation, the effect of which is not ascertainable.
29. Figures less than 50,000/- which are required to be shown separately, have been shown as actual in brackets.
30. Previous year's figures are shown in brackets and are regrouped or recast wherever necessary to make them comparable with those of the current year.

Signatures to Schedules 1 to 17

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

CA.N. D. Anklesaria
Partner
Ahmedabad, 20th May, 2011

SANJAY S. LALBHAI
Chairman & Managing Director
JAYESH K. SHAH
Director & Chief Financial Officer

R. V. BHIMANI
Company Secretary

Directors' Report

Dear Shareholder

The Board of Directors is pleased to present the financial statements of **The Arvind Overseas (Mauritius) Limited** for the year ended March 31, 2011, the contents of which are listed below:

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

This report was approved by the Board of Directors on June 30, 2011.

SANJAY S. LALBHAI

DIRECTOR

SAMVEG A. LALBHAI

DIRECTOR

Report of the Auditors to the Members

We have audited the financial statements of **The Arvind Overseas (Mauritius) Limited** set out on pages 79 to 81.

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

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

In our opinion, the financial statements, which has been prepared under the **break up basis**, gives a true and fair view of the state of affairs of the company as at March 31, 2011 and of its loss for the year then ended.

BDO & Co

Chartered Accountants

Port Louis,
Mauritius

Date: June 30, 2011

Balance Sheet - March 31, 2011

ASSETS	Notes	2011		2010	
		Mau. ₹	₹ in Lacs*	Mau. ₹	₹ in Lacs**
Current assets					
Cash and cash equivalents		1,709,953	26.51	1,729,308	25.80
Total assets		1,709,953	26.51	1,729,308	25.80
EQUITY AND LIABILITIES					
Capital and deficit					
Share capital	3	238,517,100	3698.45	238,517,100	3557.95
Revenue deficit		(236,807,147)	(3671.94)	(236,787,792)	(3532.15)
Equityholders' interest		1,709,953	26.51	1,729,308	25.80

These financial statements have been approved for issue by the Board of Directors on: June 30, 2011.

SANJAY S. LALBHAI
DIRECTOR

SAMVEG A. LALBHAI
DIRECTOR

The notes on page 81 form an integral part of these financial statements.
Auditors' report on page 78.

* The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2011 (1 Mau ₹ = 1.5506)

** The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Mau ₹ = 1.4917)

Income Statement - Year ended March 31, 2011

Administrative expenses	Notes	2011		2010	
		Mau. ₹	₹ in Lacs*	Mau. ₹	₹ in Lacs**
Administrative expenses		(1,981)	(0.03)	(3,684)	(0.05)
Finance Costs	4	(17,374)	(0.27)	196,570	2.93
Profit/(Loss) for the year		(19,355)	(0.30)	192,886	2.88

These financial statements have been approved for issue by the Board of Directors on: June 30, 2011.

SANJAY S. LALBHAI
DIRECTOR

SAMVEG A. LALBHAI
DIRECTOR

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** The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Mau ₹ = 1.4917)

Statement of Changes In Equity - Year ended March 31, 2011

	Share Capital		Revenue Deficit		Total	
	Mau. ₹	₹ in Lacs*	Mau. ₹	₹ in Lacs*	Mau. ₹	₹ in Lacs*
Balance at April 1, 2010	238,517,100	3698.45	(236,787,792)	(3671.63)	1,729,308	26.82
Profit for the year	-	-	(19,355)	(0.30)	(19,355)	(0.30)
Balance at March 31, 2011	238,517,100	3,698.45	(236,807,147)	(3,671.93)	1,709,953	26.52
Balance at April 1, 2009	238,517,100	3557.96	(236,980,678)	(3535.04)	1,536,422	22.92
Profit for the year	-	-	192,886	2.88	192,886	2.88
Balance at March 31, 2010	238,517,100	3,557.96	(236,787,792)	(3,532.16)	1,729,308	25.80

Auditors' report on page 78.

* The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2011 (1 Mau ₹ = 1.5506)

** The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Mau ₹ = 1.4917)

Cash Flow Statement - Year ended March 31, 2011

	2011		2010	
	Mau. ₹	₹ in Lacs*	Mau. ₹	₹ in Lacs**
Cash flows from operating activities				
Cash absorbed in operations	(19,355)	(0.30)	192,886	2.88
Net cash used in operating activities	(19,355)	(0.30)	192,886	2.88
Increase/(Decrease) in cash and cash equivalents	(19,355)	(0.30)	192,886	2.88
Movement in cash and cash equivalents:				
At April 1,	1,729,308	26.81	1,536,422	22.92
Increase/(Decrease)	(19,355)	(0.30)	192,886	2.88
At March 31,	1,709,953	26.51	1,729,308	25.80

The notes on page 81 form an integral part of these financial statements.

Auditors' report on page 78.

* The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2011 (1 Mau ₹ = 1.5506)

** The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Mau ₹ = 1.4917)

Notes to the Financial Statements - Year ended March 31, 2011

1. GENERAL INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(b) Foreign Currencies

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

Foreign Currency Transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange

gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(c) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(d) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

3. SHARE CAPITAL

AUTHORISED

2,500,000 ordinary shares of ₹ 100 each

ISSUED AND FULLY PAID

2,385,171 ordinary shares of ₹ 100 each

4. FINANCE COSTS

Net foreign exchange transaction Losses

5. DEFERRED TAXATION

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of related tax benefit is probable. The company has tax losses of Mau.₹ 387,256,185 ₹ In Lacs 6004.79* (2010: Mau ₹ 388,751,246 ₹ In Lacs 5,799.00**) to carry forward against future taxable income, which have not been recognised in these financial statements due to cessation of business.

	2011		2010	
	Mau. ₹	₹ In Lacs*	Mau. ₹	₹ In Lacs**
AUTHORISED				
2,500,000 ordinary shares of ₹ 100 each	250,000,000	3,876.50	250,000,000	3,729.25
ISSUED AND FULLY PAID				
2,385,171 ordinary shares of ₹ 100 each	238,517,100	3,698.45	238,517,100	3,557.96
4. FINANCE COSTS				
Net foreign exchange transaction Losses	(17,374)	(0.27)	196,570	2.93

* The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2011 (1 Mau ₹ = 1.5506)

** The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Mau ₹ = 1.4917)

Directors' Report

Dear Shareholder

The Board of Directors is pleased to present the financial statements of **Arvind Spinning Limited** for the year ended March 31, 2011, the contents of which are listed below :

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

This report was approved by the Board of Directors on June 30, 2011.

SANJAY S. LALBHAI

Director

JAYESH K. SHAH

Director

Report of the Auditors to the Members

We have audited the financial statements of **Arvind Spinning Limited** set out on pages 83 to 85.

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

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

In our opinion, the financial statements, which has been prepared under the **break up basis**, gives a true and fair view of the state of affairs of the company as at March 31, 2011 and of its loss for the year then ended.

Port Louis,
Mauritius.

Date: June 30, 2011

BDO & Co
Chartered Accountants

Balance Sheet - March 31, 2011

	Notes	2011		2010	
		Mau. ₹	₹ in Lacs*	Mau. ₹	₹ in Lacs**
ASSETS					
Current assets					
Cash and cash equivalents		593,770	9.21	594,970	8.88
Total assets		593,770	9.21	594,970	8.88
EQUITY AND LIABILITIES					
Capital and deficit					
Share capital	3	82,409,966	1,277.85	82,409,966	1,229.30
Revenue deficit		(81,816,196)	(1,268.64)	(81,814,996)	(1,220.42)
		593,770	9.21	594,970	8.88
Equity holders' interest		593,770	9.21	594,970	8.88

These financial statements have been approved for issue by the Board of Directors on: June 30, 2011.

SANJAY S. LALBHAI
Director

JAYESH K. SHAH
Director

The notes on page 85 form an integral part of these financial statements.

Auditors' report on page 82.

* The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2011 (1 Mau ₹ = 1.5506)

** The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Mau ₹ = 1.4917)

Income Statement - Year ended March 31, 2011

	2011		2010	
	Mau. ₹	₹ in Lacs*	Mau. ₹	₹ in Lacs**
Administrative expenses	(1,200)	(0.02)	(1,200)	(0.02)
Loss for the year	(1,200)	(0.02)	(1,200)	(0.02)

These financial statements have been approved for issue by the Board of Directors on: June 30, 2011.

SANJAY S. LALBHAI
Director

JAYESH K. SHAH
Director

The notes on page 85 form an integral part of these financial statements.

Auditors' report on page 82.

* The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2011 (1 Mau ₹ = 1.5506)

** The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Mau ₹ = 1.4917)

Statement of Changes In Equity - Year ended March 31, 2011

	Share Capital		Revenue Deficit		Total	
	Mau. ₹	₹ in Lacs*	Mau. ₹	₹ in Lacs*	Mau. ₹	₹ in Lacs*
Balance at March 31, 2010	82,409,966	1,277.85	(81,814,996)	(1,268.62)	594,970	9.23
Loss for the year	-	-	(1,200)	(0.02)	(1,200)	(0.02)
Balance at March 31, 2011	82,409,966	1,277.85	(81,816,196)	(1,268.64)	593,770	9.21
Balance at March 31, 2009	82,409,966	1,229.30	(81,813,796)	(1,220.40)	596,170	8.90
Loss for the year	-	-	(1,200)	(0.02)	(1,200)	(0.02)
Balance at March 31, 2010	82,409,966	1,229.30	(81,814,996)	(1,220.42)	594,970	8.88

Auditors' report on page 82.

*The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2011 (1 Mau ₹ = 1.5506)

** The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Mau ₹ = 1.4917)

Cash Flow Statement - Year ended March 31, 2009

Notes	2011		2010	
	Mau. ₹	₹ in Lacs*	Mau. ₹	₹ in Lacs**
Cash flows from operating activities				
Loss for the year	(1,200)	(0.02)	(1,200)	(0.02)
Net cash used in operating activities	(1,200)	(0.02)	(1,200)	(0.02)
Net decrease in cash and cash equivalents	(1,200)	(0.02)	(1,200)	(0.02)
Movement in cash and cash equivalents				
At April 1,	594,970	9.24	596,170	8.90
Decrease	(1,200)	(0.02)	(1,200)	(0.02)
At March 31,	593,770	9.22	594,970	8.88

Auditors' report on page 82.

* The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2011 (1 Mau ₹ = 1.5506)

** The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Mau ₹ = 1.4917)

Notes to the Financial Statements - Year ended March 31, 2011

1. GENERAL INFORMATION

Arvind Spinning Limited is a private company incorporated and domiciled in Mauritius. Its main activity is the manufacture of ring and open end spun cotton yarn. The address of its registered office is at 10, Frère Félix de Valois Street, Port Louis, Mauritius and the place of business was at La Tour Koenig, Pointe aux Sables. The company ceased business in August 2004. Arvind Limited, incorporated in India is the holding company.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(b) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction effects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(c) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

3. SHARE CAPITAL

STATED CAPITAL

Ordinary shares

At April 1, and At March 31,

	2011		2010	
	Mau. ₹	₹ In Lacs*	Mau. ₹	₹ In Lacs**
Ordinary shares				
At April 1, and At March 31,	82,409,966	1,277.85	82,409,966	1,229.30

4. DEFERRED TAXATION

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of related tax benefit is probable. The company has tax losses of Mau.₹ 74,268,139 ₹ in Lacs 1,151.60* (2010 :Mau.₹ 74,266,939 ₹ in Lacs 1151.58**) to carry forward against future taxable income, which have not been recognised in these financial statements due to cessation of business.

* The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2011 (1 Mau ₹ = 1.5506)

** The rupee equivalent of Mauritian ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Mau ₹ = 1.4917)

Auditor's Report

To the Shareholders of Arvind Textiles Mills Limited

We have audited the accompanying Balance Sheet of Arvind Textiles Mills Limited as of 31 March, 2011 and the related Profit and Loss Account and Cash Flow Statement for the year then ended. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above give a true and fair view of the state of the Company's Affairs as of 31 March 2011 and of the results of its operations and its cash flows for the year then ended in accordance with Bangladesh Accounting Standards and comply with the Companies Act, 1994 and other applicable laws and regulations.

We further report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made due verification thereof;
- b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c. The Company's Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts maintained by the Company and examined by us.

Dhaka
21 July, 2011

ACNABIN
Chartered Accountants

Balance Sheet as of 31 March, 2011

	Note	31.03.11 Taka	31.03.11 ₹ in Lacs*	31.03.10 Taka	31.03.10 ₹ in Lacs**
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	3	500,000,000	3,069.50	500,000,000	3,244.22
b) Issued, Subscribed & Paid-up Share Capital		3,200,000	19.64	700,000	4.54
c) Share Premium	4	21,454,765	131.71	4,529,705	29.39
d) Share Application	5	73,564,000	451.61	19,425,060	126.05
		98,218,765	602.96	24,654,765	159.98
II. APPLICATION OF FUNDS					
1. Fixed Assets					
2. Capital Work-in-Progress (Building)					
3. Current Assets, Loans and Advances					
a) Cash and Bank Balances	6	11,392,609	69.93	443,646	2.88
b) Security Deposit		9,975,709	61.24	3,347,011	21.72
4. Less : Current Liabilities & Provisions					
		-	-	-	-
5. Net Current Assets (2-3)					
6. Miscellaneous					
a) Profit and Loss Account		31,992,671	196.41	20,864,108	135.38
		98,218,765	602.96	24,654,765	159.98

The annexed notes form an integral part of the balance sheet.

JAYESH K. SHAH
Director

JAGDISH G. DALAL
Director

Dhaka,

Date : 21 July, 2011

* The rupee equivalent of Taka ₹ has been given at the inter bank rate as on 31st march, 2011 (1 Taka ₹ = 0.61)

** The rupee equivalent of Taka ₹ has been given at the inter bank rate as on 31st march, 2010 (1 Taka ₹ = 0.65)

Profit and Loss Account for the period from 01 April 2010 to 31 March, 2011

Note	2010-11 Taka	2010-11 ₹ in Lacs*	2009-10 Taka	2009-10 ₹ in Lacs**
Turnover/Revenue	-	-	-	-
Cost of Sales	-	-	-	-
Gross Profit	-	-	-	-
Less: Operating Expenses:	7	11,128,563	37,308	0.24
Net Loss		(11,128,563)	(37,308)	(0.24)
Add: Accumulated Loss, brought forwarded		(20,864,108)	(20,826,800)	(135.14)
Accumulated (Loss) transferred to Balance Sheet		(31,992,671)	(20,864,108)	(135.38)

The annexed note forms an integral part of the Profit & Loss Account.

JAYESH K. SHAH

Director

JAGDISH G. DALAL

Director

Dhaka,

Date: 21 July, 2011

* The rupee equivalent of Taka ₹ has been given at the inter bank rate as on 31st March, 2011 (1 Taka ₹ = 0.61)

** The rupee equivalent of Taka ₹ has been given at the inter bank rate as on 31st March, 2010 (1 Taka ₹ = 0.65)

Statement of Cash Flows for the period from 01 April, 2010 to 31 March, 2011

	2010-11 Taka	2010-11 ₹ in Lacs*	2009-10 Taka	2009-10 ₹ in Lacs**
a) Cash Flow from Operating Activities				
Net Loss	(11,128,563)	(68.33)	(37,308)	(0.24)
Adjustment for items not involving movement of cash:				
Depreciation	-	-	-	-
(Gain)/loss on sale of fixed assets	-	-	-	-
Tax paid	-	-	-	-
	(11,128,563)	(68.33)	(37,308)	(0.24)
Changes in working capital components:				
Increase in Prepayments (Security Deposit)	(6,628,698)	(39.52)	-	-
Net cash flow from operating activities	(17,757,261)	(107.85)	(37,308)	(0.24)
b) Cash Flow from Investing Activities				
Capital work-in-progress-Building	(44,857,776)	(275.38)	-	-
	(44,857,776)	(275.38)	-	-
c) Cash Flow from Financing Activities				
Issuance of Share at premium	-	-	-	-
Share Application	73,564,000	451.61	-	-
Net Cash flow from Financing Activities	73,564,000	451.61	-	-
Net surplus/(deficit) of cash & bank balance for the year (a+b+c)	10,948,963	71.04	(37,308)	(0.24)
Cash & bank balance at beginning of the year	443,646	2.88	480,954	3.12
Cash & bank balance at end of the year	11,392,609	73.92	443,646	2.88

* The rupee equivalent of Taka ₹ has been given at the inter bank rate as on 31st march, 2011 (1 Taka ₹ = 0.61)

** The rupee equivalent of Taka ₹ has been given at the inter bank rate as on 31st march, 2010 (1 Taka ₹ = 0.65)

Notes to the Financial Statements for the period from 01 April 2010 to 31 March, 2011

1. Formation, Status and Activities

1.1 Formation and Status

Arvind Textile Mills Limited, a private company limited by shares, was incorporated in Bangladesh on 25 September 2006, under the Companies Act, 1994, with authorized capital Tk.500,000,000 (fifty crores) divided in to 50,000,000 (five crores) shares of Tk.10 (ten) each. Subsequently the 70,000 (seventy thousand) shares of the company were acquired by promoters, Arvind Fashion Limited, Mr. Jayesh Kantilal Shah and Mr. Jagdish Gajanand Dalal.

1.2 Activities

The company was established with the principal objectives of carrying of business of spinning, weaving, or manufacturing or importing, exporting or dealing in cotton or other fibrous substances and the preparation, dyeing or coloring of any of the said substances and the sale, import, export yarn, cloth or other manufactured fibrous products.

2. Significant Accounting Policies

2.1 Basis of the Preparation of Financial Statements

These financial statements have been prepared under the historical cost convention in accordance with International Accounting Standards as adopted in Bangladesh.

2.2 Depreciation on Fixed Assets

As per company's policy, straight line method is followed for charging depreciation on fixed assets of the company. During the year under audit, depreciation has not been charged as the company does not own any fixed assets other than Land and Land Development.

2.3 General

- Figures in the financial statements have been rounded off to the nearest Taka.
- Dollar amount has been converted using average conversion rate.

3. Share Capital

Authorized capital:

50,000,000 ordinary shares of Tk.10 each

Issued, subscribed and paid-up capital:

3,20,000 (Previous Year 70,000) ordinary shares of Tk.10 each fully paid-up

Details of shareholdings are as under:

No. of share

Name of the shareholder

		31.03.2011 Taka	31.03.2011 ₹ in Lacs*	31.03.2010 Taka	31.03.2010 ₹ in Lacs**
Arvind Limited.	318,600	3,186,000	19.56	686,000	4.45
Mr. Jayesh Kantilal Shah	700	7,000	0.04	7,000	0.05
Mr. Jagdish Gajanand Dalal	700	7,000	0.04	7,000	0.05
	320,000	3,200,000	19.64	700,000	4.55

4. Share Premium

700,000 shares @ 64.71

2,50,000 shares @ 67.70

		4,529,705	27.81	4,529,705	29.39
		16,925,060	103.90	-	-
		21,454,765	131.71	4,529,705	29.39

	31.03.2011 Taka	31.03.2011 ₹ in Lacs*	31.03.2010 Taka	31.03.2010 ₹ in Lacs**
5. Share Application				
Share Application	19,425,060	119.25	19,425,060	126.05
Less : Transfer to Share Capital & Share Premium on Allotment	19,425,060	119.25	-	-
Add : Share Application received during the year	73,564,000	451.61	-	-
	73,564,000	451.61	19,425,060	126.05
6. Capital Work-in-Progress (Building)				
Opening Balance	-	-	-	-
Add : Addition during the Year	44,857,776	275.38	-	-
	44,857,776	275.38	-	-
Less : Transferred during the Year	-	-	-	-
	44,857,776	275.38	-	-
7. Cash and Cash Equivalent				
Cash in Hand	112,715.00	0.69	-	-
Cash at Bank:				
A/C # 05420035420001	6,277,045	38.53	98,336	0.64
A/C # 05420087520001	5,002,849	30.71	345,310	2.24
	11,392,609	69.93	443,646	2.88
	2010-11 Taka	2010-11 ₹ in Lacs*	2009-10 Taka	2009-10 ₹ in Lacs**
8. Operating Expenses				
Lease rental	3,423,224	21.02	-	-
Bank charge	328,500	2.02	-	-
Taxes and Duties	1,338,633	8.22	12,308	0.08
Business Development Expenses	6,038,206	37.07	25,000	0.16
	11,128,563	68.33	37,308	0.24

* The rupee equivalent of Taka ₹ has been given at the inter bank rate as on 31st march, 2011 (1 Taka ₹ = 0.61)

** The rupee equivalent of Taka ₹ has been given at the inter bank rate as on 31st march, 2010 (1 Taka ₹ = 0.65)

NOTE UNDER SUB-SECTION (1) OF SECTION 212

The Ministry of Corporate Affairs has, vide its General Circular No. 2 / 2011 (No: 5/12/2007-CL-III) dated 8th February, 2011, granted a general exemption to the Companies under Section 212(8) of Companies Act, 1956, relating to the statements to be attached in respect of the subsidiary companies, with the financial statements of the Companies. As required, the information in aggregate for each of the subsidiary Company is furnished as under :

Shareholders interested in obtaining the statements of Company's interest in the subsidiaries or stand-alone financial statements of the subsidiaries may obtain it by writing it to the Company.

The information as required by a general circular dated 8th February, 2011 by Ministry of Corporate Affairs granting general approval under Section 212 (8) of the Companies Act,1956 :

₹ in crores

Sr. No.	Name of Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(I)	(J)
1	Arvind Products Limited	141.10	(61.56)	540.03	460.50	[1]	565.32	0.40	-	0.40	Nil
2	Asman Investments Limited	0.08	(22.51)	137.38	159.82	[2]	57.60	1.61	0.63	0.98	Nil
3	Arvind Worldwide Inc.	2.19	(0.57)	3.67	2.05	[3]	0.00	0.14	(0.13)	0.27	Nil
4	Arvind Worldwide (M) Inc.	23.87	(27.41)	1.46	5.00	[3]	0.00	(0.06)	-	(0.06)	Nil
5	Arvind Retail Limited	20.05	31.80	273.81	221.96	[3]	383.43	0.54	0.73	(0.20)	Nil
6	Arvind Lifestyle Brands Limited	20.05	132.35	457.07	304.67	[4]	427.00	17.51	7.28	10.24	Nil
7	Syntel Telecom Limited	0.05	(1.24)	0.45	1.65	[3]	0.05	(0.06)	-	(0.06)	Nil
8	Arvind Accel Limited	0.05	0.07	10.01	9.89	[3]	17.10	0.07	0.05	0.01	Nil
9	The Anup Engineering Limited	3.40	29.14	102.77	70.23	[3]	96.58	2.86	1.05	1.81	Nil
10	Arvind Infrastructure Limited	0.05	0.10	25.58	25.43	[5]	29.81	0.17	0.09	0.08	Nil
11	Arvind Brands & Retail Limited (Formerly known as Silverstone Properties Limited)	10.05	179.82	191.13	1.25	[6]	0.00	(0.01)	0.00	(0.01)	Nil
12	Ahmedabad East Infrastructure LLP	0.30	(0.01)	0.30	0.01	[3]	0.00	(0.01)	0.00	(0.01)	Nil

₹ in crores

[1]	Fully paid Equity Shares(Quoted)	0.36
	Fully paid Equity Shares(Unquoted)	22.00
[2]	Not applicable being Investment Subsidiary	
[3]	These Companies have no Investments.	
[4]	Investment in Govt. Securities	0.02
[5]	Investment in Partnership Firm	16.67
[6]	Investment in Partnership Firm	1.59

Dear Shareholders,

Sub: Green Initiative in Corporate Governance

We wish to inform you that in order to promote Green Environment, the Ministry of Corporate Affairs, New Delhi (MCA) has taken "Green Initiative" in the Corporate Governance by permitting paperless compliances by Companies vide its Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011 after considering certain provisions of the Information Technology Act, 2000 which provides the validity of sending documents through electronic mode and has clarified that the service of documents by a Company can be made through electronic mode instead of physical copy of document(s).

Henceforth, we propose to send all communications/documents including notices calling AGM, Audited Financial Statements, Directors' Report and Auditors' Report in electronic form to the E-mail ID provided/updated by you and made available to us by the Depositories.

In order to receiving the documents in electronic form, kindly comply with the following:

For Shareholders holding shares in Demat Form

In case you desire to receive the aforesaid documents in electronic mode, kindly update your E-mail ID in the Demat Account by contacting your Depository Participant. E-mail updated in the Demat Account would be used to send documents through electronic mode.

For Shareholders holding shares in Physical Form

In case you desire to receive the aforesaid documents in electronic mode in lieu of physical mode, kindly update your e-mail ID with our Registrar and Share Transfer Agent, Sharepro Services (India) Private Limited at 416-420, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad – 380006 by mailing your E-mail ID with the following details to arvindltd@shareproservices.com with a scan copy of letter duly signed by you. The signature mentioned in your letter should be matched as per specimen signature recorded with the company.

Folio No.:	Name:
E-mail ID:	Mode of dispatch: Electronic mode

Please note that, as a member of the Company, you will be entitled to be furnished, free of cost, with a printed copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including the Profit and Loss Account and Auditors' Report and all other communication that may be sent to you, upon receipt of a requisition from you to this effect.

Members who have not yet dematerialized their shares are requested to get their shares dematerialized at the earliest.

You may also send your consent incorporating e-mail ID to receive documents in electronic mode in writing to our Registrar and Share Transfer Agent to the following address: Sharepro Services (India) Private Limited at 416-420, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad – 380006.

We are certain that you would appreciate the "Green Initiative" taken by MCA and your company's desire to participate in such initiatives.

R. V. Bhimani
Company Secretary

FORM OF PROXY
ARVIND LIMITED

Naroda Road, Ahmedabad - 380 025.

I/We _____ of _____ in the District of _____ being a member / members of the above named Company hereby appoint _____ of _____ in the District of _____ or failing him _____ of _____ in the District of _____ or failing him _____ of _____ in the District of _____ as my/our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Friday, the 30th September, 2011 and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Signature: _____

Affix
15 Paise
Revenue
Stamp

L.F.No. _____

* Depository : NSDL/CDSL _____

* DP.ID _____

* Client ID _____

* For Shares held in Electronic Form

No. of Share(s) held _____

Notes :

- (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
- (2) A proxy need not be a member.
- (3) The completed form should be deposited at the Registered Office of the Company at Naroda Road, Ahmedabad-380 025 not less than 48 hours before the time for holding the meeting.

ARVIND LIMITED

Regd. Office : Naroda Road, Ahmedabad - 380 025.

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting held at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006 on 30th September, 2011 at 10.30 a.m.

1. L.F.NO. _____

2. * Depository : NSDL/CDSL _____

3. * DP.ID _____

4. * CLIENT ID _____

* FOR SHARES HELD IN ELECTRONIC FORM

5. FULL NAME OF THE SHAREHOLDER : _____

(IN BLOCK LETTERS)

6. NO. OF EQUITY SHARES HELD: _____

7. SIGNATURE OF THE SHAREHOLDER

OR PROXY ATTENDING : _____

(PLEASE GIVE FULL NAME OF THE 1ST JOINTHOLDER)

MR/MRS/MISS _____

(TO BE USED ONLY WHEN FIRST NAMED SHAREHOLDER IS NOT ATTENDING)

NOTE : PLEASE FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.

Location & Sites

Lifestyle Fabrics – Denim
Arvind Limited
Naroda Road
Ahmedabad – 380025
Gujarat, India
Tel: +91-79-30138000
Fax: +91-79-30130267
subir.mukherjee@arvind.in

Lifestyle Apparel -Jeans
Arvind Limited
26/2 , 27/2 Kenchenahalli
Mysore Road,
Near Bangalore University
Bangalore 560 059
Tel: +91-80-26999000
Fax: +91-80-26999299
sandeep.chablani@arvindexports.com

Lifestyle Fabrics -Voiles
Ankur Textiles
Arvind Products Limited
Outside Raipur Gate
Ahmedabad – 380 022
Gujarat, India
Tel: +91-79-30137200/30137231
Fax: +91-79-30137350
brijesh.bhati@arvind.in

Lifestyle Apparel-Knits
Arvind Limited
PO Khatrej, Taluka Kalol
Dist Gandhinagar - 382721
Gujarat, India
Tel: +91-2764-395410
praney.mehta@arvind.in

Lifestyle Fabrics – Shirting, Khakis and Knitwear
Arvind Limited
PO Khatrej, Taluka Kalol
Dist Gandhinagar - 382 721
Gujarat, India
Tel: +91-2764-395560
Fax: +91-2764-395040
pranav.dave@arvind.in

Lifestyle Apparel - Shirts
Arvind Limited
No.55 , Puttapa Industrial Estate,
White Field Road
Mahadevpura Post
Bangalore 560 048
Tel: +91-80-33717000
Fax: +91-80-41123909
ashish.kumar@arvindexports.com

Subsidiaries & Joint Ventures

Arvind Products Limited
Arvind Limited Premises
Naroda Road,
Ahmedabad – 380025
Gujarat, India
Tel: +91-79-30138000
Fax: +91-79-30138668

Arvind Lifestyle Brands Limited
8th Floor, Du Parc Trinity
17, M. G. Road, Bangalore 560 001
Tel: +91-80- 41550650
Fax: +91-80-41550651
sureshj@arvindbrands.com

Arvind Retail Limited
5th Floor, Du Parc Trinity
17, M. G. Road
Bangalore 560 001
Tel: +91-80- 40488775
Fax: +91-80-40488751
venkat@arvindbrands.com

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

VF Arvind Brands Private Limited
Laurel Block B, 8th Floor, Level 9
Bagmane Tech Park
CV Raman Nagar
Bangalore 560 093
Tel: +91-80- 30790100
Fax: +91-80-30790111

Arvind Murjani Brands Private Limited
4 Brunton First Cross Road
Bangalore 560 025
Tel: +91-80-41124091
Fax+91-80-41124092

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

Overseas Offices

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130 West 42nd Street, Suite 603, 6th Floor
New York, NY 10036, USA
Tel. + (212)768 -4815X104
raju@arvindusa.com

Arvind Limited
Apartment No. 5A, House No. 15
Road No. 24 CWN (C)
gulshan-2, Dhaka 1212, Bangladesh
Tel: + 8802-9887123-24
Fax: +8802-9887124
p.anilkumar@arvind.com

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

Arvind Limited
Unit: 1705, 17th Floor
Trendy Centre, 682-684
Castle Peak Road, Cheung Sha Wan,
Kowloon, Honkong.
Telfax: 00852-3528 3112
Contact Person: Mr. Rajesh Manwani
arvindmills@netvigator.com

BOOK-POST

If undelivered, please return to:
Arvind Limited
Naroda Road,
Ahmedabad - 380 025