

ARVIND LIFESTYLE BRANDS LIMITED

Arvind Mills Premises, Naroda Road, Ahmedabad - 380025

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Members of Arvind Lifestyle Brands Limited will be held on Tuesday, the 30th September, 2014 at 1 p.m. at the Registered Office of the Company at Arvind Mills Premises, Naroda Road, Railwaypura Post, Ahmedabad – 380 025 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2014 and the Report of the Directors and the Auditors thereon.
2. To declare dividends.
3. To appoint Auditors to hold office from the conclusion of the ensuing Annual General Meeting up to the conclusion of the next Annual General Meeting and to fix their remuneration.

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

4. To appoint a Director in place of Mr. Sanjay Lalbhai, who retires by rotation in terms of Article 135 of the Articles of Association of the Company and being eligible, offers himself for reappointment.

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

By order of the Board

For **ARVIND LIFESTYLE BRANDS LIMITED**

SD/-

KE Venkatachalapathy

Company secretary

Place: Ahmedabad

Date: 15th May 2014

ARVIND LIFESTYLE BRANDS LIMITED
Arvind Mills Premises, Naroda Road, Ahmedabad - 380025

DIRECTORS REPORT

To,
The Members,

Your Directors have pleasure in presenting the Directors Report of the Company together with the audited accounts for the period from 1st April 2013 to 31st March 2014.

FINANCIAL RESULTS

Particulars	For the period ended 31 st March 2014 (Amount in rupees)	For the period ended 31 st March 2013 (Amount in rupees)
Sales & Services	17,420,492,437	12,854,715,356
Other Income	58,660,366	85,923,637
Total Income	17,479,152,803	12,940,638,993
Profit/Loss before interest and depreciation	932,767,932	732,989,798
Interest	647,578,202	462,146,229
Profit before depreciation	285,189,730	270,843,569
Depreciation/Amortization	585,140,826	463,015,702
Profit/(Loss) before tax	(299,951,096)	(192,172,133)
Tax	(85,142,182)	(61,266,776)
Profit/(Loss) after Tax	(214,808,914)	(130,905,357)
Profit /(Loss) after tax carried over to Balance Sheet	(280,028,446)	(65,219,532)
Proposed Dividend	-	-

ARVIND LIFESTYLE BRANDS LIMITED

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OPERATIONS

Your Company has posted a sales turnover of Rs. 17,42,04,92,437/- during the year under review. The operating profit before interest and depreciation stands at Rs. 932,767,932/-.

The year under review was challenging on many fronts. Your company has completed yet another significant year in which it has achieved a sustained growth in terms of Turnover and increase in profitability.

DIVIDEND

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

DIRECTOR

Mr. Sanjay Lalbhai, who retires by rotation in terms of Article 135 of the Articles of Association of the Company, but being eligible, offers himself for reappointment as the director of the Company.

COMPOSITE SCHEME OF ARRANGEMENT IN THE NATURE OF AMALGAMATION OF ARVIND RETAIL LIMITED WITH ARVIND LIFESTYLE BRANDS LIMITED

During the year under review, Hon'ble High Court of Gujarat approved the Composite Scheme of Arrangement in the nature of Amalgamation of Arvind Retail Limited with Arvind Lifestyle Brands Limited and Restructuring of Capital in form of Utilization of Securities Premium Account of Arvind Lifestyle Brands Limited pursuant to Sections 391 to 394 and Sections 78 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956.

Accordingly in pursuant to the order of amalgamation passed by the Hon'ble High Court of Gujarat sanctioning the Composite Scheme of Arrangement in the nature of amalgamations of Arvind Retail Limited with Arvind Lifestyle Brands Limited and restructuring of capital of Arvind Lifestyle Brands Limited, allotment of 62,85,000 equity shares of Rs.10/- each of Arvind Lifestyle Brands Limited to the members of Arvind Retail Limited whose names were recorded in the register of members and

ARVIND LIFESTYLE BRANDS LIMITED

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records of the depository as members of erstwhile Arvind Retail Limited on the record date in the ratio of 3(three) equity shares in the Company of face value of Rs. 10/- each as fully paid up for every 10 (ten) equity shares of Rs. 10/- each fully paid up held by such member in Arvind Retail Limited were done.

The new equity shares ranked rank pari passu with the existing equity shares in the matters of dividend, voting rights and in all other respects.

CAPITAL STRUCTURE

Authorized Capital of the Company – Rs. 500,000,000/-

Issued, subscribed and paid up capital of the Company – Rs. 279,351,000/-

PERSONNEL

The Statement of Particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 has been enclosed as an attachment to this Director's report.

FIXED DEPOSITS

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

INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A. Conservation of Energy

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

B. Research and Development and Technology Absorption

a. Research and Development

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The Company has not undertaken any research and development work.

b. Absorption of Technology

The Company has not absorbed any technology.

AUDITORS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

1. that in the preparation of the annual accounts, the applicable accounting standards had been followed;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Annual Accounts have been prepared on a going concern basis.

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Arvind Mills Premises, Naroda Road, Ahmedabad - 380025

ACKNOWLEDGEMENT

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

For and on behalf of the Board

SD/-
Suresh Jayaraman
Managing Director

SD/-
Jayesh K. Shah
Director

SD/-
KE Venkatachalapathy
Company Secretary

Place: Ahmedabad
Date: 15th May 2014



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ARVIND LIFESTYLE BRANDS LIMITED

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Ahmedabad
May 15, 2014

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

Chokshi Shreyas B

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

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G. E. V. A.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Re: ARVIND LIFESTYLE BRANDS LIMITED

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

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
- (c) In our opinion and as per the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and going concern status of the Company is not affected.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with.
- (iii) The Company has not granted/taken any loans secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (iii,b), (iii,c), (iii,d), (iii,e), (iii,f) and (iii,g) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there were no contracts or arrangements that need to be entered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, requirement of clauses (v,a) and (v,b) of paragraph 4 of the order are not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any public deposits.
- (vii) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.

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G. E. V. C.

SORAB S. ENGINEER & CO. (Regd.)

- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's product. Consequently, requirement of clause (viii) of paragraph 4 of the order is not applicable.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) There are no undisputed amounts outstanding as at March 31, 2014 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, 2014 on account of any dispute :

Nature of the Statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Forum where matter is Pending
Sales Tax Act	Sales Tax	996,490	1998-1999	Reference with High Court
		236,186	2000-2001	Reference with High Court
		2,427,660	2001-2002	Reference with High Court
		140,000	2002-2003	Appellate Tribunal
		624,751	2005-2006	Additional Commissioner
		2,801,815	2005-2006	Special Commissioner
		729,029	2009-2010	Special Commissioner
		3,480,540	2009-2010	Deputy Commissioner
		2,221,000	2010-2011	Assistant Commissioner
Central Excise Act	Excise Duty	525,343	2011-2012	Appellate Tribunal
		3,895,856	2002-2003 to 2003-2004	Reference with High Court
		158,000	2006-2007	Commissioner of Central Excise
		100,000	2006-2007	CESTAT
Textile Committee	Textile Committee Cess	1,094,000	2006-2007	CESTAT
Income Tax Act	Income Tax	1,475,759	2009-2010	CIT Appeal
		13,817,748	2010-2011	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 the repayment of dues to banks.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Consequently, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.

SORAB S. ENGINEER & CO. (Regd.)

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Consequently, the provisions of clause (xiv) of paragraph 4 of the order are not applicable.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not given any guarantee for loans taken by others from banks or financial Institutions. Consequently, the provisions of clause (xv) of paragraph 4 of the order are not applicable.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, 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.
- (xix) According to the information and explanations given to us and the records examined by us, the Company has not issued any Secured Debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedure performed by us and as per the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Ahmedabad
May 15, 2014

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Copy -

S. & V. A.

Arvind Lifestyle Brands Limited

Balance Sheet

Amount in Rs.

	Note	As at	
		March 31, 2014	March 31, 2013
Equity and Liabilities			
Shareholders' funds			
Share Capital	3	279,351,000	273,351,000
Reserves and Surplus	4	2,294,502,613	2,215,311,527
Non-current liabilities			
Long Term Borrowings	5	1,470,049,799	505,818,335
Other Long Term Liabilities	6	159,405,664	99,748,665
Long Term Provisions	7	31,128,818	22,271,194
Current liabilities			
Short Term Borrowings	8	3,886,610,123	2,895,940,487
Trade Payables	9	4,822,131,733	4,401,372,654
Other Current Liabilities	10	1,088,305,021	610,030,206
Short Term Provisions	7	68,393,074	50,174,288
Total		14,099,877,845	11,074,018,356
Assets			
Non-current assets			
Fixed Assets			
Tangible Assets	11	2,109,421,652	1,780,184,302
Intangible Assets	12	671,776,214	771,167,992
Capital Work-in-progress		-	18,555,824
Non Current Investments	13	154,200	154,200
Deferred Tax Assets (Net)	14	192,086,165	106,943,983
Long Term Loans and Advances	15	1,375,996,879	1,118,966,508
Other Non Current Assets	16	17,875,394	1,396,923
Current assets			
Inventories	17	4,093,190,939	3,224,892,132
Trade Receivables	18	4,724,328,422	3,284,488,075
Cash and Bank Balances	19	176,505,632	230,659,556
Short Term Loans and Advances	15	721,705,135	522,247,561
Other Current Assets	16	16,837,213	14,361,300
Total		14,099,877,845	11,074,018,356
Significant Accounting Policies	2		

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

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

Chokshi Shreyas B.
CA. Chokshi Shreyas B.
Partner
Membership No.100892
Ahmedabad
May 15, 2014

[Signature]
Director

[Signature]
Director

[Signature]
Company Secretary

[Signature]

Arvind Lifestyle Brands Limited

Statement of Profit and Loss

Amount in Rs.

	Note	Year ended	
		March 31, 2014	March 31, 2013
Revenue from operations (Gross)	22	18,113,796,389	13,372,230,724
Less: Value Added Tax		693,303,952	517,515,368
Revenue from operations (Net)		17,420,492,437	12,854,715,356
Other Income	23	58,660,366	85,923,637
Total Revenue		17,479,152,803	12,940,638,993
Expenses:			
Cost of materials consumed	24	96,312,515	86,498,560
Purchases of Stock in Trade	25	10,155,336,193	6,995,879,998
Changes in inventories of finished goods and stock-in-trade	26	(1,010,841,509)	(605,311,867)
Employee benefits expense	27	1,281,384,741	871,962,334
Finance costs	28	647,578,202	462,146,229
Depreciation and amortization expense	29	585,140,826	463,015,702
Other expenses	30	6,024,192,931	4,858,620,170
Total expenses		17,779,103,899	13,132,811,126
Profit/(Loss) before exceptional and extraordinary items and tax		(299,951,096)	(192,172,133)
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		(299,951,096)	(192,172,133)
Extraordinary Items		-	-
Profit/(Loss) before tax		(299,951,096)	(192,172,133)
Tax expense:			
Deferred tax		(85,142,182)	(61,266,776)
Profit/(Loss) for the year		(214,808,914)	(130,905,357)
Earnings per equity share	36		
(Nominal Value per Share Rs. 10/- (Previous year Rs. 10/-):			
Basic and Diluted		(7.83)	(4.97)
Significant Accounting Policies	2		

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

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

Chokshi Shreyas B.
CA. Chokshi Shreyas B.
Partner
Membership No.100892
Ahmedabad
May 15, 2014

Jaya
Director
Jaya
Director
S. E. V. C.
Company Secretary

Jaya

Arvind Lifestyle Brands Limited

Cash Flow Statement

Amount in Rs.

	Year ended	
	March 31, 2014	March 31, 2013
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before taxation	(299,951,095)	(192,172,133)
Adjustments for:		
Depreciation /Amortization	585,140,826	463,015,702
Interest Income	(18,915,760)	(11,860,188)
Interest Expenses	647,578,202	462,146,229
Provision for Retirement Benefits	15,034,193	18,111,948
Bad Debt Written off	52,202	-
Sundry Debit Written off	4,161,489	189,157
Provision for Doubtful Advances	18,370,000	-
Foreign Exchanges (Gain)/Loss	(10,521,273)	7,905,383
Fixed Assets Written off	23,201,877	28,450,154
(Profit)/Loss on Sale of Tangible assets	(276,052)	(166,666)
Operating Profit before Working Capital Changes	1,263,825,704	967,791,719
Working Capital Changes:	963,874,609	775,619,586
Changes in Inventories	(868,298,807)	(651,562,264)
Changes in other long term liabilities	59,656,999	12,556,624
Changes in trade payables	422,873,884	1,249,576,887
Changes in other current liabilities	338,690,240	36,992,299
Changes in provisions	4,424,786	(2,280,008)
Changes in long term loans and advances	(149,422,517)	(254,576,826)
Changes in trade receivables	(1,440,095,335)	(1,411,054,731)
Changes in other assets	61,872,998	(41,979,950)
Changes in short term loans and advances	(207,817,310)	(184,290,733)
Net Changes in Working Capital	(1,778,115,062)	(1,246,618,702)
Cash Generated from Operations	(814,240,453)	(470,999,116)
Direct Taxes paid (Net of Income Tax refund)	(13,516,263)	(20,393,490)
Net Cash flow from Operating Activities	(827,756,716)	(491,392,606)
B Cash Flow from Investing Activities		
Purchase of tangible/intangible assets	(827,457,881)	(775,166,781)
Sale of tangible assets	8,101,482	166,668
Changes in Capital Advances	(98,253,080)	138,648,745
Purchase of Long term investments	-	350,000,000
Changes in Loans to Employees	(6,181,528)	(207,935)
Interest Income	19,626,096	10,433,693
Net cash flow from Investing Activities	(904,164,911)	(276,125,610)
C Cash Flow from Financing Activities		
Issue of Equity Shares	300,000,000	500,000,000
Changes in long term Borrowings	1,074,831,689	(73,191,988)
Changes in short term borrowings	999,278,890	855,874,658
Interest Paid	(614,805,158)	(458,991,596)
Net Cash flow from Financing Activities	1,759,305,421	823,691,074
Net Increase/(Decrease) in cash & cash equivalents	27,383,794	56,172,858
Cash & Cash equivalents at the beginning of the period	127,638,071	50,127,338
Add: Adjustment on Amalgamation	-	21,337,875
Cash & Cash equivalents after Amalgamation	127,638,071	71,465,213
Cash & Cash equivalents at the end of the period	155,021,865	127,638,071

Particulars	As at	
	March 31, 2014	March 31, 2013
Cash and cash equivalents comprise of: (Note 19)		
Cash on Hand	62,917	12,637
Balances with Banks	154,958,948	127,625,434
Total	155,021,865	127,638,071

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

Firm Registration No. 110417W

Chartered Accountants

Chokshi Shreyas B.
CA. Chokshi Shreyas B.

Partner

Membership No. 100892

Ahmedabad
May 15, 2014

Jaya

Jaya
Director

S. E. W. A.
Company Secretary

Arvind Lifestyle Brands Limited

Notes to the financial statements

1. COMPANY BACKGROUND

Arvind Lifestyle Brands Limited has been a pioneer in bringing international brands to India. The company has licensing relationships with many international Brands including U.S. POLO ASSN., Gant, Arrow, Izod, Nautica, Elle, Ed Hardy, Hanes, Cherokee, Mossimo and Geoffrey Beene. Arvind also has a portfolio of 12 of its own brands including Flying Machine and also runs the India retail operations of British retailers Debenhams and Next.

It also runs India's largest value retail chain, Megamart. Megamart today is the largest player in the Branded Apparel Value-Retailing concept. With more than 188 Megamart stores and 9 Large Format stores, Megamart operates with more than 7 Lac square feet of Retail space across India.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

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

(B) USE OF ESTIMATES

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

(C) INFLATION

Assets and liabilities are recorded at historical cost to the Company except so far as they relate to assets acquired under the Scheme of Arrangement which are valued at their fair value. These costs are not adjusted to reflect the changing value in the purchasing power of money.

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Arvind Lifestyle Brands Limited

(D) REVENUE RECOGNITION

Sales are recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Sales are stated net of returns, discount, 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.

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.

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 Statement of Profit and Loss.

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

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

(E) VALUATION OF INVENTORY

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

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

(F) FIXED ASSETS & DEPRECIATION/AMORTISATION

Tangible Assets

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

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

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets are recognised in the Statement of Profit and Loss.

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

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Arvind Lifestyle Brands Limited

Intangible Assets

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

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

Gains or losses arising from disposal or retirement of intangible assets are recognised in the Statement of Profit and Loss.

Depreciation on Tangible Assets

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

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

Vehicles	25%
Leasehold Improvements, Plant & Equipments, Office Equipments and Furniture & Fixtures	15%

Individual assets costing less than Rs. 5,000/- have been depreciated at the rate of 100%.

Amortisation of Intangible Assets

Job Workers' Network Value, Vendors' Network Value and Distribution Network Value have been amortized on Straight Line basis over the period of five years.

Value of License Brands acquired under demerger scheme has been amortized in the ratio of revenue expected to be generated from these brands over the period of ten years.

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

(G) IMPAIRMENT OF ASSETS

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

(H) INVESTMENTS

Long Term investments are stated at cost. Fall in the value, other than temporary, has been charged to the Statement of Profit and Loss.

(I) FOREIGN CURRENCY TRANSACTIONS

On initial recognition, all foreign currency transactions are recorded at the exchange rate prevailing at the time of the transaction.

As at the reporting date, all monetary assets and liabilities in foreign currency have been restated at the year end rate. The difference arising as a result has been accounted as income/expense as per the Accounting Standard 11 (Revised 2003) on "Accounting for the Effects of Changes in Foreign Exchange Rates" notified by Companies (Accounting Standards) Rule, 2006.

The premium or discount arising at the inception of the forward exchange contracts is amortized as expense or income over the life of the contracts.

Realised gain or loss on cancellation of forward exchange contracts are recognised in the Statement of Profit and Loss of the period in which they are cancelled.

Forward Contracts remaining unsettled at the Balance sheet date are revalued at the closing rate and exchange difference arising on such revaluation is charged to Statement of Profit and Loss.

(J) RETIREMENT BENEFITS

The Company has Defined Contribution Plans for post employment benefits namely Provident Fund and Superannuation Fund. The Company's contributions thereto are charged to revenue every year. The Company also pays insurance premiums to fund a post-employment medical assistance scheme, a Defined Contribution Plan administered by Oriental Insurance Company Limited which is charged to revenue every year. The Company's Contribution to State Plans namely Employee's State Insurance Fund and Employee's Pension Scheme are charged to revenue every year.

The Company has Defined Benefit Plans namely leave encashment / compensated absences and Gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books. The actuarial valuation is done based on Projected Unit Credit Method. Gratuity scheme is administered by Life Insurance Corporation of India.

Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognized immediately in the statement of Profit and Loss as income or expense.

(K) BORROWING COST

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

(L) LEASE ACCOUNTING

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

(M) TAXES ON INCOME

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

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.

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

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

(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.

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Arvind Lifestyle Brands Limited

3 Share Capital

	Amount in Rs.	
	As at	
	March 31, 2014	March 31, 2013
Authorised		
50,000,000 Equity Shares (Previous Year 25,000,000) Par Value of Rs.10/- per share	500,000,000	250,000,000
Issued		
27,935,100 Equity Shares (Previous Year 21,050,100) Par Value of Rs.10/- per share	279,351,000	210,501,000
Subscribed and fully paid up		
27,935,100 Equity Shares (Previous Year 21,050,100) Par Value of Rs.10/- per share fully paid up	279,351,000	210,501,000
Equity Shares Suspense Account		
	-	62,850,000
Total	279,351,000	273,351,000

a Reconciliation of Number of Shares

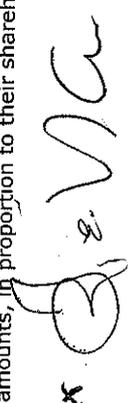
Particulars	As at	
	March 31, 2014	March 31, 2013
	No. of Shares	No. of Shares
Balance at the beginning of the year	21,050,100	20,050,100
Add:		
Shares issued during the year	6,885,000	1,000,000
Balance at the end of the year	27,935,100	21,050,100

b Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2014)

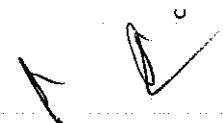
2,00,00,000 shares of Rs. 10 each were allotted as fully paid up in April, 2009 pursuant to the scheme of arrangement without payment being received in cash.
During the year, 62,85,000 shares of Rs. 10 each were allotted as fully paid up pursuant to the scheme of arrangement without payment being received in cash.

c Rights, Preferences and Restrictions attached to Equity Shares

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

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d Shares held by Holding Company

Particulars	As at	
	March 31, 2014	March 31, 2013
Holding Company - Arvind Brands and Retail Limited	27,870,012	21,000,010

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

Particulars	As at	
	March 31, 2014	March 31, 2013
Holding Company - Arvind Brands and Retail Limited	27,870,012 99.77%	21,000,010 99.76%

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Arvind Lifestyle Brands Limited

4 Reserves and Surplus

	Amount in Rs.	
	As at	
	March 31, 2014	March 31, 2013
Securities Premium Account		
Balance as per last financial statements	1,690,000,000	1,200,000,000
Add: Addition during the year	294,000,000	490,000,000
	1,984,000,000	1,690,000,000
Capital Reserve on Amalgamation		
Balance as per last financial statements	590,531,059	-
Add: Addition during the year	-	590,531,059
	590,531,059	590,531,059
Surplus in Statement of Profit and Loss		
Balance as per last financial statements	(65,219,532)	257,522,390
Add : Profit/(Loss) for the year	(214,808,914)	(130,905,357)
Loss of Amalgamated Company	-	191,836,565
Balance at the end of the year	(280,028,446)	(65,219,532)
Total	2,294,502,613	2,215,311,527

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Arvind Lifestyle Brands Limited

5 Long Term Borrowings

	Amount in Rs.			
	Non- Current portion As at		Current Maturities As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Secured				
Term Loans :				
From Banks	1,459,954,725	496,310,656	282,400,000	172,500,000
From Others	10,095,074	9,507,679	7,602,993	6,902,768
Amount disclosed under the head "Other Current Liabilities" (Note 10)	1,470,049,799	505,818,335	290,002,993	179,402,768
Total	1,470,049,799	505,818,335	290,002,993	179,402,768

a Nature of Security

- I Term Loans from Banks are secured by:
- Loan to the tune of Rs.91,557,144 is secured against First charge on the specific assets acquired under the project.
 - Loan amounting to Rs. 1,650,797,581 is secured against First charge over the fixed assets excluding assets mentioned in (i) above and second charge over entire stock, receivables and Other current assets of the Company both present and future excluding stock of Nautica Brand.
 - Additionally secured by Corporate Guarantee given by Arvind Limited, the ultimate holding company.
- II Hire Purchase Loan from Others are secured by hypothecation of related vehicles.

b Rate of Interest and Terms of Repayment

Particulars	Amount in Rs.	Range of Interest (%)	Terms of Repayment
State Bank of India/Bank of Baroda	1,742,354,725	2.5% to 3.5% above Base Rate	Repayable in quarterly installments ranging between 16 to 20 after moratorium of one year from the date of loan
Kotak Mahindra Prime Limited - Hire Purchase Loan	17,698,067	9% to 11%	Repayable in 48 monthly installments from the date of release of respective loans

6 Other Long Term Liabilities

	Amount in Rs.	
	March 31, 2013	March 31, 2013
Security Deposits	159,405,664	99,748,665
Total	159,405,664	99,748,665

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Arvind Lifestyle Brands Limited

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	Long Term		Amount in Rs.	
	As at		Short Term	
	March 31, 2014	March 31, 2013	March 31,	March 31, 2013
Provision for Employee Benefits				
Leave Encashment	31,128,818	22,271,194	5,612,919	3,861,810
Gratuity	-	-	17,040,861	17,013,160
Provision for Wealth tax	-	-	99,230	19,766
Provision for Litigation/Disputes (Note a)	-	-	28,124,552	28,124,552
Provision for Customer Loyalty Program Reward Points (Note b)	-	-	9,898,081	1,155,000
Provision for Forward Contract Premium	-	-	7,617,431	-
Total	31,128,818	22,271,194	68,393,074	50,174,288

a **Provision for Litigation/Disputes**

The Company has made provisions for pending disputed matters in respect of Indirect Taxes like Sales Tax, Excise Duty and Custom Duty, the liability which may arise in the future, the quantum whereof will be determined as and when the matters are disposed off. The movement in the provision account is as under:

Particulars	Amount in Rs.	
	As at	
	March 31, 2014	March 31, 2013
Balance as per last financial statements	28,124,552	28,124,552
Balance at the end of the year	28,124,552	28,124,552

b **Provision for Customer Loyalty Program Reward Points**

The Company has made provision for customer loyalty program reward points. The movement in provision for those reward points are given below:

Particulars	Amount in Rs.	
	As at	
	March 31, 2014	March 31, 2013
Balance as per last financial statements	1,155,000	-
Add : Adjustment due to Amalgamation	12,063,175	1,050,000
Add : Provision made during the year	3,320,094	1,155,000
Less : Redeemed/Reversal made during the year	-	1,050,000
Balance at the end of the year	9,898,081	1,155,000

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Arvind Lifestyle Brands Limited

8 Short Term Borrowings

	Amount in Rs.	
	March 31, 2014	March 31, 2013
Secured		
Working Capital Loans repayable on demand From Banks	2,642,825,110	2,048,132,157
Unsecured		
Under Buyer's Credit Arrangement from Banks	260,068,845	164,399,141
Intercompany Deposits	804,025,849	683,409,189
From Related Parties	179,690,319	
From Others		
Total	1,243,785,013	847,808,330
	3,886,610,123	2,895,940,487

a Nature of Security

Loans from banks are secured by:

- i. First charge over entire stocks, receivables and other current assets excluding stocks of Nautica Brand and second charge over entire fixed assets of the Company both present and future.
- ii. Additionally secured by Corporate Guarantee given by Arvind Limited, the ultimate holding company.

b Rate of Interest

- i. Loans from banks carry interest rates ranging from 1.75% to 3.5% above base rate.
- ii. Inter Corporate Deposits carry interest @ 11% per annum.

Arvind Lifestyle Brands Limited

9 Trade Payables

	Amount in Rs.	
	As at March 31, 2014	As at March 31, 2013
Sundry Creditors (Note a)	3,791,065,852	3,645,066,222
Acceptances	1,031,065,881	756,306,432
Total	4,822,131,733	4,401,372,654

a During the year, the Company has received certificate of registration under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 from some suppliers. Based on the information available, the disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Small Enterprise are presented as follows:

	Amount in Rs.	
	As at March 31, 2014	As at March 31, 2013
(a) Amount due and outstanding to suppliers as at the end of accounting year;	127,970,884	284,444,752
(b) Interest paid during the year;	-	-
(c) Interest payable at the end of the accounting year;	32,150,979	3,196,082
(d) Interest accrued and unpaid at the end of the accounting year	32,150,979	3,196,082

10 Other Current Liabilities

	Amount in Rs.	
	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term borrowings (Note 5)	290,002,993	179,402,768
Interest accrued but not due	32,180,431	3,196,082
Advance from Customers	398,004,982	189,384,336
Statutory dues including Provident Fund and Tax deducted at Source	204,160,982	114,803,525
Payable in respect of Capital Goods	61,706,084	29,019,287
Book Overdraft	39,761,185	5,104,018
Payable in respect of employees	36,344,581	28,491,301
Others	26,143,783	60,628,889
Total	1,088,305,021	610,030,206

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Arvind Lifestyle Brands Limited

11. Tangible Assets

Particulars	Gross Block						Depreciation / Amortization			Amount in Rs. Net Block		
	As on 01.04.2013	Adjustment due to Amalgamation	Additions	Disposals	As on 31.03.2014	As on 01.04.2013	Adjustment due to Amalgamation	For the year	Deductions	As on 31.03.2014	As on 31.03.2014, As on 31.03.2013	
Own Assets												
Plant and Equipments	331,994,302	-	144,977,516	12,647,368	464,324,450	84,241,684	-	66,203,306	7,074,773	143,370,217	320,954,233	247,752,618
Furniture and Fixtures	555,315,606	-	223,685,433	18,065,491	760,935,548	139,937,315	-	109,619,345	11,148,295	238,408,365	522,527,183	415,378,291
Vehicles	30,688,964	-	9,594,005	1,200,000	39,082,969	12,508,564	-	6,959,327	399,452	19,068,439	20,014,530	18,180,400
Office Equipments	77,881,532	-	36,141,079	1,651,517	112,371,094	22,020,570	-	17,086,333	1,094,295	38,012,608	74,358,486	55,860,962
Leasehold Improvements	1,299,981,296	-	358,975,331	27,024,550	1,631,932,077	347,864,512	-	229,527,748	10,154,748	567,237,512	1,064,694,565	952,116,784
Data Processing Equipments	166,931,436	-	39,009,319	850,120	205,090,635	76,036,189	-	22,721,967	540,176	98,217,980	106,872,655	90,895,247
Total	2,462,793,136	-	812,362,683	61,439,046	3,213,736,773	682,608,834	-	452,118,026	30,411,739	1,104,315,121	2,109,421,652	1,780,184,302
Previous Year	933,296,906	883,327,987	685,750,558	39,582,315	2,462,793,136	209,264,316	137,501,933	346,974,744	11,132,159	682,608,834	1,780,184,302	724,032,590

12. Intangible Assets

Particular	Gross Block						Amortization			Amount in Rs. Net Block		
	As on 01.04.2013	Adjustment due to Amalgamation	Additions	Disposals	As on 31.03.2014	As on 01.04.2013	Adjustment due to Amalgamation	For the year	Deductions	As on 31.03.2014	As on 31.03.2014, As on 31.03.2013	
License Brands	640,957,210	-	-	-	640,957,210	143,646,775	-	64,455,103	-	208,101,878	432,855,332	497,310,435
Brand Value	176,720,712	-	-	-	176,720,712	29,263,135	-	19,111,590	-	48,374,725	128,345,987	147,457,577
Computer Software	120,982,938	-	33,631,022	-	154,613,960	48,700,525	-	24,821,950	-	73,522,475	81,091,485	72,282,413
Jobworkers' Network	17,295,984	-	-	-	17,295,984	13,836,788	-	3,459,196	-	17,295,984	-	3,459,196
Vendors' Network	62,728,346	-	-	-	62,728,346	50,182,676	-	12,545,670	-	62,728,346	-	12,545,670
Distribution Network	43,146,454	-	-	-	43,146,454	5,033,753	-	8,629,291	-	13,663,044	29,483,410	38,112,701
Total	1,061,831,644	-	33,631,022	-	1,095,462,666	290,663,652	-	133,022,800	-	423,686,452	671,776,214	771,167,992
Previous Year	763,301,622	226,765,142	71,764,880	-	1,061,831,644	146,809,594	27,813,100	116,040,958	-	290,663,652	771,167,992	616,492,028

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Arvind Lifestyle Brands Limited

13 Non Current Investments

	Amount in Rs.	
	As at	
	March 31, 2014	March 31, 2013
Trade Investments (At Cost)		
Investments in Government Trust Securities		
National Saving Certificates (Lodged with Sales Tax Authorities)	154,200	154,200
Total	154,200	154,200

a

Aggregate amount of quoted investments	-	-
Market value of quoted investments	-	-
Aggregate amount of unquoted investments	154,200	154,200

b **Disclosure as per AS 13 - Accounting for Investments**

Long Term Investments	154,200	154,200
Current Investments	-	-
Total	154,200	154,200

14 Deferred Tax Assets (Net)

	Amount in Rs.	
	As at	
	March 31, 2014	March 31, 2013
Deferred Tax Liability		
Fixed Assets	-	53,756,417
Deferred Tax Asset		
Fixed Assets	10,856,174	-
Expenditure allowable on payment basis	49,311,358	35,589,909
Unabsorbed loss/ Depreciation	124,573,395	124,573,395
Others	7,345,238	537,096
Deferred Tax Asset (Net)	192,086,165	106,943,983

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Arvind Lifestyle Brands Limited

15 Loans and Advances

(Unsecured, Considered good unless otherwise stated)

	Long Term		Short Term	
	As at		As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Capital Advances	161,177,948	62,924,868	-	-
Security Deposits	1,096,705,206	951,444,178	-	-
Loans to Employees	-	-	8,928,236	2,746,708
Advances recoverable in cash or in kind or for value to be received	-	-	486,535,970	419,385,333
Considered Good	-	-	18,370,000	419,385,333
Considered Doubtful	-	-	504,905,970	419,385,333
Less: Provision for Doubtful Advances	-	-	(18,370,000)	-
Prepaid Expenses	-	-	486,535,970	419,385,333
Deferred Premium on Forward Contracts	-	-	222,412,193	100,115,520
Advance Income Tax (Net of Provision of Rs. 211,125,801 Previous Year Rs. 211,125,801)	83,113,725	69,597,462	3,828,736	-
MAT Credit Entitlement	35,000,000	35,000,000	-	-
Total	1,375,996,879	1,118,966,508	721,705,135	522,247,561

16 Other Assets

	Non Current		Current	
	As at		As at	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Non Current Bank Balances (Note 19)	17,875,394	1,396,923	-	-
Duty Drawback Receivable	-	-	14,298,993	11,880,662
Interest Accrued	-	-	1,361,049	2,071,385
Insurance Claim Receivable	-	-	-	409,253
Other Income Receivable	-	-	1,177,171	-
Total	17,875,394	1,396,923	16,837,213	14,361,300

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Arvind Lifestyle Brands Limited

17 Inventories

	Amount in Rs.	
	As at March 31, 2014	March 31, 2013
Fabric and Accessories	31,823,299	86,913,127
Fabric Stock in Transit	4,365,550	8,248,677
Stock-in-trade- Garments	4,003,526,022	2,992,684,513
Stock-in-trade in Transit - Garments	2,198,521	56,080,146
Packing Materials	51,277,547	80,965,669
Total	4,093,190,939	3,224,892,132

18 Trade Receivables

(Unsecured, considered good unless otherwise stated)

	Amount in Rs.	
	As at March 31, 2014	March 31, 2013
Outstanding for a period exceeding six months from the date they are due for payment	177,224,343	349,990,769
Others	4,547,104,079	2,934,497,306
Total	4,724,328,422	3,284,488,075

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Arvind Lifestyle Brands Limited

19 Cash and Bank Balances

	Amount in Rs.			
	Non Current		Current	
	As At	March 31, 2013	March 31, 2014	March 31, 2013
Cash and Cash Equivalents:				
Cash on Hand	-	-	62,917	12,637
Balances with Banks				
In Current Account	-	-	153,068,948	113,756,340
In Cash Credit Account	-	-	10,000	-
In Deposit Account (with original maturity up to 3 months)	-	-	1,880,000	13,869,094
	-	-	155,021,865	127,638,071
Other Bank Balances:				
In Deposits Accounts				
With original maturity more than 3 months but less than 12 months	-	-	-	892,123
Held as Margin Money	-	-	-	102,119,222
(Under lien with bank as Security for Guarantee Facility)	17,825,000	1,300,391	21,314,370	10,140
Lodged with Sales Tax Department	50,394	96,532	169,397	-
	17,875,394	1,396,923	21,483,767	103,021,485
Amount disclosed under the head "Other Non Current Assets" (Note 16)	17,875,394	1,396,923		
Total	-	-	176,505,632	230,659,556

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Arvind Lifestyle Brands Limited

20 Contingent Liabilities
(to the extent not provided for)

	Amount in Rs.	
	As at	
	March 31, 2014	March 31, 2013
(a) Claims against the Company not acknowledged as debts	35,492,160	8,356,658
(b) Disputed Demands in respect of		
Income Tax	18,443,981	1,986,360
Sales Tax	24,260,304	23,559,848
Excise Duty	4,153,856	4,153,856
Textile Committee Cess	1,094,000	1,094,000
(c) Third Party Claim arising from dispute relating to contracts	Amount not ascertainable	-

Note: Future cash outflows in respect of (b) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.

21 Capital and Other Commitments

	Amount in Rs.	
	As at	
	March 31, 2014	March 31, 2013
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	137,417,688	50,894,428
Other Commitments	-	-

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Arvind Lifestyle Brands Limited

22 Revenue from Operations

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Sale of Products		
Own Merchandise (Including concession sales)	17,890,882,063	13,119,715,771
Consignment Merchandise	305,007,203	370,146,235
	18,195,889,266	13,489,862,006
Less : Value Added Tax	693,303,952	517,515,368
Less : Cost of Consignment Merchandise	223,072,429	265,568,304
	17,279,512,885	12,706,778,334
Other operating revenues		
Commission Income	94,783,110	101,499,425
Royalty Income	23,655,307	33,335,472
Duty Drawback Income	13,711,089	9,965,843
Rent Income	7,039,864	17,468
Others	1,790,182	3,118,814
Total	17,420,492,437	12,854,715,356

23 Other Income

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Interest Income	18,915,760	11,860,188
Profit on sale of fixed Assets	276,052	166,666
Excess provision no longer required	-	25,547,421
Insurance Claim	-	16,394,468
Discount Income	30,360,429	13,924,572
Miscellaneous Income	9,108,125	18,030,322
Total	58,660,366	85,923,637

24 Cost of Materials Consumed

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Fabrics	5,395,880	8,102,787
Accessories and Others	70,154,583	77,132,325
	75,550,463	85,235,112
Loss on Sale of Fabrics	20,762,052	1,263,448
Total	96,312,515	86,498,560

(a) Value of imported and indigenous materials consumed

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2012
Imported (Rs.)	8,626	38,720
(%)	0.01%	0.05%
Indigenous (Rs.)	75,541,837	85,196,392
(%)	99.99%	99.95%
Total	75,550,463	85,235,112

25 Purchase of Stock-in-Trade

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Garments	10,155,336,193	6,995,879,998
Total	10,155,336,193	6,995,879,998

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Arvind Lifestyle Brands Limited

26 Changes in Inventories of Finished Goods and Stock-in-Trade

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
(Increase)/Decrease in stocks		
Stock at the end of the year		
Garments	4,003,526,022	2,992,684,513
	4,003,526,022	2,992,684,513
Stock at the beginning of the year		
Garments (Manufactured)	-	467,747,955
Garments (Traded)	2,992,684,513	787,929,825
	2,992,684,513	1,255,677,780
Adjustment on account of Amalgamation		
Garments	-	1,131,694,866
(Increase)/Decrease in stocks	(1,010,841,509)	(605,311,867)

27 Employee Benefits Expense

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Salaries and Wages	1,141,898,997	762,817,750
Contribution to Provident Fund and Other Funds	73,936,010	59,176,718
Staff Welfare Expenses	65,549,734	49,967,866
Total	1,281,384,741	871,962,334

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

(i) Defined Contribution Plans

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

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Provident Fund	29,751,426	18,914,173
Superannuation Fund	2,265,922	2,180,893

(ii) State Plans

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

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Employee's State Insurance	12,436,019	9,340,988
Employee's Pension Scheme	19,909,730	14,771,095

(iii) Defined Benefit Plans

(a) Leave Encashment/Compensated Absences

Salaries and Wages includes Rs. 15,034,193 (Rs. 18,111,948) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

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Arvind Lifestyle Brands Limited

(b) Contribution to Gratuity Funds

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

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Change in the Benefit Obligations :		
Liability at the beginning of the year	23,437,144	16,343,562
Interest Cost	1,967,340	1,330,631
Current Service Cost	9,375,143	6,371,465
Benefits Paid	(1,864,790)	(429,411)
Actuarial Loss/(Gain)	(673,207)	(179,103)
Liability at the end of the year	32,241,630	23,437,144
Fair Value of Plan Assets :		
Fair Value of Plan Assets at the beginning of the year	6,423,983	6,341,982
Expected Return on Plan Assets	1,153,919	490,182
Contributions	9,441,677	-
Benefits Paid	(1,864,790)	(429,411)
Actuarial gain/(loss) on Plan Assets	45,979	21,230
Fair Value on Plan Assets at the end of the year	15,200,768	6,423,983
Total Actuarial (Loss) /Gain to be recognized	719,186	200,333
Actual Return on Plan Assets :		
Expected Return on Plan Assets	1,153,919	490,182
Actuarial gain/(loss) on Plan Assets	45,979	21,230
Actual Return on Plan Assets	1,199,898	511,412
Amount Recognized in the Balance Sheet :		
Liability at the end of the year	32,241,630	23,437,144
Fair Value of Plan Assets at the end of the year	15,200,768	6,423,983
Amount recognized in the Balance Sheet under " Provision for Employee Benefits "	17,040,862	17,013,161
Expense Recognized in Statement of Profit and Loss :		
Interest Cost	1,967,340	1,330,631
Current Service Cost	9,375,143	6,371,465
Expected Return on Plan Assets	(1,153,919)	(490,182)
Net Actuarial loss/(gain) to be recognized	(719,186)	(200,333)
Expense recognized in Statement of Profit and Loss under "Employee Benefit Expense"	9,469,378	7,011,581
Reconciliation of the Liability Recognized in the Balance Sheet :		
Opening Net Liability	17,013,161	10,001,580
Expense Recognized	9,469,378	7,011,581
Contribution by the Company	(9,441,677)	-
Amount recognized in the Balance Sheet under " Provision for Employee Benefits "	17,040,862	17,013,161

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

Principal Assumptions:

	Year ended	
	March 31, 2014	March 31, 2013
Discount Rate (%)	9.12	8.25
Return on Plan Assets (%)	8.00	8.00

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Arvind Lifestyle Brands Limited

28 Finance Costs

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Interest		
On Term Loans	107,312,951	94,788,744
On Cash Credit Facilities	232,753,186	178,338,658
Others	230,849,570	136,054,774
Forward Contract Premium Amortisation	3,788,695	-
Exchange Difference to the extent considered as an adjustment to Borrowing Costs	-	2,998,624
Other Borrowing Costs	72,873,800	49,965,429
Total	647,578,202	462,146,229

29 Depreciation / Amortization Expense

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Depreciation on Tangible assets	45,21,18,026	34,69,74,744
Amortization on Intangible assets	13,30,22,800	11,60,40,958
Total	58,51,40,826	46,30,15,702

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Arvind Lifestyle Brands Limited

30 Other Expenses

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Power and fuel	244,000,075	204,042,344
Insurance	13,951,994	7,284,794
Processing Charges	25,470,251	18,213,531
Printing, Stationary & Communication	80,704,269	54,759,734
Rent	1,401,581,279	1,047,307,795
Commission, Brokerage and Discounts	823,469,419	620,882,782
Rates and taxes	132,226,352	64,404,675
Repairs to Buildings	10,330,858	8,124,070
Repairs to Others	330,856,821	229,559,035
Royalty on Sales	409,957,870	262,272,817
Freight, Insurance and Clearing Charges	190,109,268	110,894,177
Octrol	104,236,527	74,815,820
Excise Duty borne by Company	-	505,771,893
Legal and Professional Fees	55,090,398	32,468,480
Housekeeping Charges	47,235,325	34,349,397
Security Charges	67,406,313	52,389,667
Computer Expenses	23,691,664	23,847,214
Conveyance and Travelling Expenses	136,653,573	95,612,286
Advertisement and Publicity	947,833,834	624,234,832
Design Fees	12,899,506	8,839,738
Sales Promotion	10,820,426	14,210,492
Charges for Credit Card Transactions	69,157,480	60,033,214
Packing Materials	70,191,958	60,085,068
Contract Labour Charges	454,663,122	360,887,317
Sampling and Testing Expenses	63,848,936	79,095,834
Bad Debts written off	52,202	-
Sundry Debits/Deposits written off	4,161,489	189,157
Provision for Doubtful advances	18,370,000	-
Payments to the auditor as		
(a) Auditor	3,000,000	3,000,000
(b) For taxation matters	850,000	600,000
(c) For reimbursement of expenses	95,800	80,000
(d) Certification Work	18,000	64,000
Fixed Assets written off	23,201,877	28,450,154
Business Conducting Fees	4,927,371	5,307,472
Foreign Exchange Loss	67,727,367	11,474,800
Warehouse Charges	61,238,990	64,261,634
Staff Training and Recruitment Expense	37,307,246	29,287,808
Bank Charges	33,172,859	35,468,302
Miscellaneous expenses	43,682,212	26,049,837
Total	6,024,192,931	4,858,620,170

31 CIF Value of Imports

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Finished Goods	1,007,293,303	694,279,917
Fabric	5,349,064	5,633,450
Accessories	2,031,554	4,806,351
Capital Goods	1,479,893	271,096

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Arvind Lifestyle Brands Limited

32 Expenditure in Foreign Currency

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Royalty	402,320,359	258,861,072
Rent	22,372,604	18,932,350
Travel	12,577,859	11,504,244
Design Fees	10,990,083	10,540,810
Advertisement and Sales Promotion Expenses	40,531,113	7,139,648
Professional and Consultation Fees	2,243,947	6,577,007
Interest	4,175,200	632,881
Buying Office Commission	22,482,853	1,126,034
Franchisee fees	9,884,605	1,376,088
Other Matters	1,935,715	1,826,908

33 Earning in Foreign Currency

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Revenue from Exports on FOB Basis	267,093,827	190,391,949

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Arvind Lifestyle Brands Limited

34 Lease Rent:

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

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

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Future Minimum lease payments obligation on non-cancellable operating leases :		
Not later than one year	514,269,344	299,863,440
Later than one year and not later than five years	354,992,865	255,327,575
Later than five years	-	-
Lease Payment recognised in the Statement of Profit and Loss	1,401,344,178	1,047,087,211

35 Segment Reporting:

The Company is primarily engaged in the business of retail trade through retail and departmental store facilities, which in the context of Accounting Standard 17 on 'Segment Reporting' constitutes a single reportable primary business segment.

Secondary Segment (Geographical by Customers):

	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Segment Revenue		
a) In India	17,153,398,610	12,664,323,407
b) Outside India	267,093,827	190,391,949
Total Sales	17,420,492,437	12,854,715,356
Carrying Cost of Assets by location of Assets		
a) In India	14,010,110,365	11,028,964,832
b) Outside India	89,767,480	45,053,524
Total	14,099,877,845	11,074,018,356
Addition to Assets		
a) In India	827,457,881	757,515,438
b) Outside India	-	-
Total	827,457,881	757,515,438

36 Earning Per Share (EPS):

		Year ended	
		March 31, 2014	March 31, 2013
Profit/(Loss) available to Equity Shareholder	Rs.	(214,808,914)	(130,905,357)
Weighted average no. of Equity Shares for Basic/Diluted EPS	No.	27,435,100	26,360,579
Nominal value of Equity Shares	Rs.	10	10
Basic / Diluted Earning per Equity Share	Rs.	(7.83)	(4.97)

(A) Weighted average number of Equity Shares

	Year ended	
	March 31, 2014	March 31, 2013
Opening No. of Shares for Basic EPS	27,335,100	26,335,100
Weighted average number of shares issued during the year	100,000	25,479
Weighted average number of shares considered for Calculating EPS	27,435,100	26,360,579

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Arvind Lifestyle Brands Limited

37 Related Party Disclosures:

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

List of Related Parties and Nature of Relationship:

Arvind Limited	Ultimate Holding Company
Arvind Brands and Retail Limited	Holding Company
Asman Investment Limited	Fellow Subsidiary
Arvind Goodhill Suit Manufacturing Private Limited	Joint Venture of Ultimate Holding Company
Arvind Infrastructure Limited	Fellow Subsidiary
Arvind Accel Limited	Fellow Subsidiary
Arvind Internet Limited	Fellow Subsidiary
Aura Securities Private Limited	Company under the control of Key managerial personnel of Ultimate Holding Company
Mr. J. Suresh	Key Managerial Personnel

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

Related Party Transactions :

Nature of Transactions	Amount in Rs.	
	Year ended	
	March 31, 2014	March 31, 2013
Purchase of Goods		
Arvind Limited	143,621,075	333,782,570
Arvind Goodhill Suit Manufacturing Private Limited	1,244,033	
Sale of Goods		
Arvind Limited	194,584,186	83,187,991
Asman Investments Limited	5,928,683	4,861,919
Arvind Goodhill Suit Manufacturing Private Limited	69,713	-
Arvind Internet Limited	162,572	-
Other Expenses		
Arvind Accel Limited	-	220,600
Asman Investments Limited	2,919,562	120,000
Other Income		
Arvind Internet Limited	3,748,905	-
Arvind Infrastructure Limited	562,500	
Loan Taken (Net)		
Arvind Limited	120,616,660	409,526,611
Loan Repaid		
Aura Securities Private Limited	6,962	10,000,000
Interest Expense		
Arvind Limited	168,745,148	111,687,346
Aura Securities Private Limited	2,982	7,736
Issue of Equity Shares		
Arvind Brands and Retail Limited	362,700,020	500,000,000
Receivable in respect of Current Assets		
Arvind Limited	54,457,690	36,654,517
Arvind Internet Limited	876,161	-
Arvind Brands and Retail Limited	1,752,964	-
Arvind Infrastructure Limited	562,500	-
Payable in respect of Loan		
Arvind Limited	804,025,849	683,409,189
Aura Securities Private Limited	-	6,962
Payable in respect of Current Liabilities		
Arvind Limited	274,754,636	621,700,808
Asman Investments Limited	147,600	137,600
Arvind Goodhill Suit Manufacturing Private Limited	1,224,463	-

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Arvind Lifestyle Brands Limited

38 Unhedged Foreign Currency Exposure:

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

	As at 31st March, 2014		As at 31st March, 2013	
	In FC	Amount in Rs.	In FC	Amount in Rs.
Payable towards royalty	USD 1,539,188	92,220,474	USD 1,453,567	78,906,887
	SEK 257,084	2,375,454	SEK 292,255	2,434,486
	EUR 47,493	3,966,619	EUR 16,605	1,153,990
Payable for purchase of merchandise	EUR 158,755	13,126,652	USD 4,644,986	252,153,080
	USD 2,187,686	131,075,197	GBP 254,465	20,924,021
	GBP 30,811	3,073,835	EUR 2,662	185,024
Receivable on sale of Merchandise	USD 1,498,247	89,767,480	USD 829,944	45,053,524
Payable towards Foreign Currency Loans	USD 1,148,021	68,783,707	USD 3,647,770	198,019,178
	EUR 63,544	5,254,104	GBP 87,058	7,158,579
Payable towards Buying Office Commission	USD 4,159	249,183	USD 1,479	80,278

39 Receivables, Payables and Loans and Advances include certain accounts which are subject to confirmation/reconciliation and consequent adjustments if any, the effect of which is not ascertainable.

40 Impairment of Fixed Assets

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

41 Previous year's figures have been regrouped / rearranged with those of current year wherever necessary.

As per our report of even date attached

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

Chokshi Shreyas B.
CA Chokshi Shreyas B.
Partner
Membership No. 100892
Ahmedabad
May 15, 2014

Director

Director

Company Secretary

Sorab
Chokshi
Shreyas B.