

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

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**NOTICE** is hereby given that the Fourteenth Annual General Meeting of the Members of Arvind Lifestyle Brands Limited will be held on Friday, the 24<sup>th</sup> September, 2010 at 10.00 a.m at the Registered Office of the Company at Arvind Mills Premises, Naroda Road, Railwaypura Post, Ahmedabad – 380 025 to transact the following business:

**ORDINARY BUSINESS:**

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

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

**SPECIAL BUSINESS:**

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

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

***By order of the Board***

For **ARVIND LIFESTYLE BRANDS LIMITED**

**SD/-**

Jayesh K. Shah

**Director**

**Place: Ahmedabad**

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

**ANNEXURE TO NOTICE**

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

**ITEM NO. 4**

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

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

**ITEM NO. 5**

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

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

**ITEM NO. 6**

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

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

***By order of the Board***

**For ARVIND LIFESTYLE BRANDS LIMITED**

**SD/-**

Jayesh K. Shah

**Director**

**Place: Ahmedabad**

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

**ARVIND LIFESTYLE BRANDS LIMITED**  
(Formerly known as Pinnacle Risk Advisory Services Limited)

*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 1<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010.

**FINANCIAL RESULTS**

Particulars	For the period ended 31 <sup>st</sup> March 2010 (Amount in rupees)	For the period ended 31 <sup>st</sup> March 2009 (Amount in rupees thousands)
Sales & Services	2,519,829,286	-
Other Income	11,447,539	893,228
Total Income	2,531,276,825	893,228
Profit/Loss before interest and depreciation	150,929,950	187,885
Interest	40,752,132	550
Profit before depreciation	110,177,818	187,334
Depreciation/Amortization	100,929,834	451
Profit/(Loss) before tax	9,247,984	186883
Tax	(11,751,103)	47,000
Profit/(Loss) after Tax	20,999,087	139,883
Profit /(Loss) after tax carried over to Balance Sheet	21,461,812	462,725
Proposed Dividend	-	-

**OPERATIONS**

Your Company has posted a sales turnover of Rs. 2,519,829,286 during the year under review. The operating profit before interest and depreciation stands at Rs. 150,929,950.

### ***DIVIDEND***

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

### ***DIRECTOR***

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

### ***PERSONNEL***

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

### ***FIXED DEPOSITS***

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

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

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

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

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

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

The Company has not undertaken any research and development work.

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

The Company has not absorbed any technology.

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

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

Expenditure – Rs 2,173,963/-

Income – Rs 98,520,665/-

## **AUDITORS**

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

## **DIRECTORS RESPONSIBILITY STATEMENT**

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

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

## **ACKNOWLEDGEMENT**

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

For and on behalf of the Board

SD/-  
Sanjay S. Lalbhai  
Director

SD/-  
Jayesh K. Shah  
Director

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



## AUDITORS' REPORT

### TO THE MEMBERS OF ARVIND LIFESTYLE BRANDS LIMITED

1. We have audited the attached Balance Sheet of **ARVIND LIFESTYLE BRANDS LIMITED** ("the Company"), as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 ("Order") issued by the Central Government of India in terms of sub - section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;

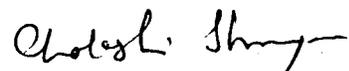
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**SORAB S. ENGINEER & CO.**

- v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
- (b) In the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Ahmedabad  
May 29, 2010

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



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

**ANNEXURE TO THE AUDITORS' REPORT**

**Re: ARVIND LIFESTYLE BRANDS LIMITED**

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

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

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## SORAB S. ENGINEER & CO.

- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's product. Consequently, requirement of clause (viii) of paragraph 4 of the order is not applicable.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

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

- (b) There are no undisputed amounts outstanding as at March 31, 2010 for a period of more than six months from the date they became payable.
- (c) Following amounts have not been deposited as on March 31, 2010 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	2,425,111	2001-2002	Reference with High Court
		140,000	2002-2003	Appellate Tribunal
		624,751	2005-2006	Additional Commissioner
Central Excise Act	Excise Duty	3,895,856	2002-2003, 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

- (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.
- (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.

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**SORAB S. ENGINEER & CO.**

- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not obtained any term loan during the year under audit. Consequently, the provisions of clause (xvi) of paragraph 4 of the order are not applicable.
- (xvii) According to the 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 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 29, 2010

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

*Chokshi Shreyas B.* A

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

## BALANCE SHEET AS AT 31st MARCH 2010

(Amount in Rs)

PARTICULARS	SCH	31-Mar-10	31-Mar-09
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDER'S FUNDS</b>			
Share Capital	1	200,501,000	501,000
Reserves and Surplus	2	1,221,461,812	462,725
		<b>1,421,962,812</b>	<b>963,725</b>
<b>LOAN FUNDS</b>			
Secured Loans	3	583,473,190	-
Unsecured Loans	4	50,072,431	-
		<b>633,545,621</b>	-
<b>TOTAL</b>		<b>2,055,508,433</b>	<b>963,725</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	5	1,187,168,696	9,500
Less: Depreciation		99,342,380	2,141
Net Block		1,087,826,316	7,359
Capital work in progress ( including Capital Advances)		9,421,695	-
		<b>1,097,248,011</b>	<b>7,359</b>
<b>INVESTMENTS</b>			
	6	154,200	-
<b>DEFERRED TAX ASSET (Note No. 17)</b>			
		13,179,916	-
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories	7	639,773,055	-
Sundry Debtors	8	589,153,906	-
Cash and Bank Balances	9	39,921,969	1,543,367
Loans and Advances	10	468,100,402	99,407
		<b>1,736,949,332</b>	<b>1,642,774</b>
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	11	786,548,367	686,408
Provisions		5,474,659	-
		<b>792,023,026</b>	<b>686,408</b>
Net Current Assets		<b>944,926,306</b>	<b>956,366</b>
<b>NOTES FORMING PART OF ACCOUNTS</b>			
	18		
<b>TOTAL</b>		<b>2,055,508,433</b>	<b>963,725</b>

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

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

*[Signature]*  
Director

*[Signature]*  
Director

## PROFIT &amp; LOSS ACCOUNT FOR THE PERIOD ENDED ON 31st March 2010

(Amount in Rs)

PARTICULARS	SCH	2009-10	2008-09
<b>INCOME :</b>			
Retail Turnover			
Own Merchandise		2,570,122,657	-
Less : Value added Tax		50,293,371	-
		2,519,829,286	-
Other Income	12	11,447,539	893,228
		<b>2,531,276,825</b>	<b>893,228</b>
<b>EXPENDITURE:</b>			
Raw Material Consumption		302,763,485	-
Cost of Goods Sold	13	948,056,672	-
Employee Cost	14	156,121,555	-
Operating and administrative Expenses	15	1,091,372,237	705,344
Interest and Finance Charges	16	40,752,132	550
Depreciation and Amortisation	5	100,929,834	451
(Increase) / Decrease in Stocks	17	(117,967,074)	-
<b>PROFIT BEFORE TAX</b>		<b>9,247,984</b>	<b>186,883</b>
<b>Tax charges</b>			
Current Tax		1,428,813	47,000
Deferred Tax		(13,179,916)	-
<b>NET PROFIT AFTER TAX</b>		<b>20,999,087</b>	<b>139,883</b>
<b>BALANCE AS PER LAST BALANCE SHEET</b>		462,725	322,842
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>21,461,812</b>	<b>462,725</b>
<b>Earning Per Share (Note No.16)</b> (Equity share, par value of Rs.10/- per share)			
Basic (Rs)		1.05	2.79
Diluted (Rs)		1.05	2.79
<b>NOTES FORMING PART OF ACCOUNTS</b>	18		

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

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

SSR  
Director

*Saya*  
Director

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

	Amount Rs.		Amount Rs.	
	2009-2010		2008-2009	
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit for the year		9,247,984		186,883
Adjustments for:				
Depreciation	100,929,834		451	
Interest Income	(482,273)		(267,868)	
Interest Expenses	31,883,465		-	
Bad Debts Written Off	3,563		-	
(Profit) on Sale of Fixed Assets	(107,453)	132,227,136	-	(267,417)
<b>Operating Profit before Working Capital Changes</b>		<b>141,475,120</b>		<b>(80,534)</b>
Working Capital Changes:				
Changes in Inventories	(105,325,447)		-	
Changes in Trade Receivables	(69,937,762)		20,000	
Changes in Other Receivables	60,948,346		3,628,778	
Changes in Current Liabilities	(316,267,252)		639,794	
<b>Net Changes in Working Capital</b>		<b>(430,582,115)</b>		<b>4,288,572</b>
<b>Cash Generated From Operations</b>		<b>(289,106,995)</b>		<b>4,208,038</b>
Advance Tax / TDS (Net of Income Tax Refund)		(1,682,704)		(136,434)
<b>Net Cash from Operating Activities</b>		<b>(290,789,699)</b>		<b>4,071,604</b>
<b>B Cash Flow from Investing Activities</b>				
Purchase of Fixed Assets	(74,999,888)		-	
Sale of Fixed Assets	1,026,096		-	
Changes in Investments	(154,200)		500,000	
Changes in Loans & Advances	(212,747,250)		-	
Interest Income	482,273		267,868	
<b>Net Cash Flow from Investing Activities</b>		<b>(286,392,969)</b>		<b>767,868</b>
<b>C Cash Flow from Financing Activities</b>				
Changes in Borrowings	629,621,823		(3,750,000)	
Interest Paid	(31,207,005)		-	
<b>Net Cash Flow from Financing Activities</b>		<b>598,414,818</b>		<b>(3,750,000)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>		<b>21,232,150</b>		<b>1,089,472</b>
Cash & Cash Equivalent at the beginning of the Period		<b>18,689,819</b>		<b>453,895</b>
<b>Cash and Cash Equivalent at the end of the Period</b>		<b>39,921,969</b>		<b>1,543,367</b>

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

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

*Chokshi Shreyas B.*

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

*Q. J. V.*  
Director

*Q. J. V.*  
Director

**ARVIND LIFESTYLE BRANDS LIMITED**  
**SCHEDULES FORMING PART OF THE ACCOUNTS**

PAGE - 4

(Amount in Rs)

PARTICULARS	31-Mar-10	31-Mar-09
<b>SCHEDULE '1' : SHARE CAPITAL</b>		
<b>Authorised Share Capital</b> 25,000,000 Equity Shares (Previous Year 1,000,000 Equity Shares) of Rs. 10/- each	250,000,000	10,000,000
	250,000,000	10,000,000
<b>Issued,Subscribed and Paid up capital</b> 20,050,100 Equity Shares (Previous Year 50,100 Equity Shares) of Rs. 10/- each fully paid up	200,501,000	501,000
<b>Note:</b> (a) Above shares are held by Arvind Limited, the holding company (b) Of the above shares, 20,000,000 Equity Shares of Rs. 10/- each are allotted as fully paid up pursuant to the Scheme of Arrangement to Arvind Limited, the holding company without payment being received in cash as detailed in Note No. 3.		
<b>TOTAL</b>	<b>200,501,000</b>	<b>501,000</b>
<b>SCHEDULE '2' : RESERVES AND SURPLUS</b>		
<b>Securities Premium Account</b> Add: Received during the year (Note No. 3)	1,200,000,000	-
	1,200,000,000	-
<b>Balance in Profit and Loss account</b>	21,461,812	462,725
<b>TOTAL</b>	<b>1,221,461,812</b>	<b>462,725</b>
<b>SCHEDULE '3' : SECURED LOANS (Note No. 6)</b>		
<b>From Banks</b> Cash Credit and other facilities	583,138,606	-
<b>From Financial Institutions</b>	334,584	-
<b>TOTAL</b>	<b>583,473,190</b>	-
<b>SCHEDULE '4' : UNSECURED LOANS (Note No. 7)</b>		
From Holding Company	50,072,431	-
<b>TOTAL</b>	<b>50,072,431</b>	-

*Handwritten signature/initials*

ASSET BLOCK	GROSS BLOCK					DEPRECIATION/AMORTISATION				NET BLOCK	
	AS AT 01.04.2009	ACQUIRED UNDER DEMERGER SCHEME	ADDITIONS	DELETIONS	AS AT 31.03.2010	AS AT 01.04.2009	FOR THE YEAR	DELETIONS	AS AT 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
<b>INTANGIBLE ASSETS</b>											
Licence Brands	-	640,957,210	-	-	640,957,210	-	25,604,922	-	25,604,922	615,352,288	-
Jobworkers' Network	-	17,295,984	-	-	17,295,984	-	3,459,197	-	3,459,197	13,836,787	-
Vendors' Network	-	62,728,346	-	-	62,728,346	-	12,545,669	-	12,545,669	50,182,677	-
Computer Softwares	-	1,442,962	5,834,326	-	7,277,288	-	962,513	-	962,513	6,314,775	-
<b>TANGIBLE ASSETS</b>											
Leaschold Improvements	-	232,223,691	35,240,867	-	267,464,558	-	28,996,318	-	28,996,318	238,468,240	-
Plant & Machineries	-	28,852,310	5,406,983	-	34,259,293	-	1,790,151	-	1,790,151	32,469,142	-
Data Processing Equipments	-	49,651,848	5,224,148	-	54,875,996	-	16,183,725	-	16,183,725	38,692,271	-
Office Equipments	9,500	10,849,111	1,191,122	225,000	11,824,733	2,141	605,878	4,535	603,484	11,221,249	7,359
Furniture & Fixtures	-	59,235,994	27,872,246	1,015,219	86,093,021	-	7,573,925	635,719	6,938,206	79,154,815	-
Motor Vehicles	-	4,860,286	800,000	1,268,019	4,392,267	-	3,207,536	949,341	2,258,195	2,134,072	-
<b>Total</b>	<b>9,500</b>	<b>1,108,097,742</b>	<b>81,569,692</b>	<b>2,508,238</b>	<b>1,187,168,696</b>	<b>2,141</b>	<b>100,929,834</b>	<b>1,589,595</b>	<b>99,342,380</b>	<b>1,087,826,316</b>	<b>7,359</b>
Previous Year	9,500	-	-	-	9,500	1,690	451	-	2,141		
Capital Work in Progress (Including Advances for Captial Expenditure)										9,421,695	-
<b>Total</b>										<b>1,097,248,011</b>	<b>7,359</b>

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(Amount in Rs)

PARTICULARS	31-Mar-10	31-Mar-09
<b>SCHEDULE '6' : "INVESTMENTS"</b>		
<b>Long Term - At Cost</b>		
<b>In Government Securities</b>	154,200	-
(Lodged with Government Authorities)		
<b>TOTAL</b>	<b>154,200</b>	<b>-</b>
<b>SCHEDULE '7' : INVENTORIES</b>		
<b>Inventories</b>		
Stores, Accessories and Spares	3,573,464	-
<b>Stock in trade</b>		
Raw materials(Including Material in Transit)	129,006,518	-
Finished Goods	117,087,541	-
Finished Goods (Traded)	373,014,693	-
Work-in-Progress	17,090,839	-
<b>TOTAL</b>	<b>639,773,055</b>	<b>-</b>
<b>SCHEDULE '8' : SUNDRY DEBTORS</b>		
(Unsecured)		
Debts Outstanding for a period exceeding six months		
Considered good	39,597,996	-
Considered doubtful	-	-
Less:Provision for doubtful debts	-	-
Others(Considered good)	549,555,910	-
<b>TOTAL</b>	<b>589,153,906</b>	<b>-</b>
<b>SCHEDULE '9' : CASH AND BANK BALANCES</b>		
Cash on hand	56,520	1,269
Balances with Scheduled Banks		
In Current Accounts	26,285,305	1,542,098
In Exchange Earners Foreign Currency A/c	60,026	-
In Margin Money Deposit (under lien against Bank Guarantees)	13,520,118	-
<b>TOTAL</b>	<b>39,921,969</b>	<b>1,543,367</b>
<b>SCHEDULE '10' : LOANS &amp; ADVANCES</b>		
(Unsecured, Considered good unless otherwise stated)		
Loan to Group Company	212,747,250	-
Other Loans	1,072,396	-
Advances recoverable in cash or in kind or for value to be received	48,322,691	-
Premises and other Deposits	166,632,866	-
Prepayments	24,728,363	-
Income Taxes Paid ( Net of Provision for Tax Rs.1,534,813/-;	353,298	99,407
Previous year Rs. 106,000/-)		
Other Receivables	14,243,538	-
<b>TOTAL</b>	<b>468,100,402</b>	<b>99,407</b>
<b>SCHEDULE '11' : CURRENT LIABILITIES AND PROVISIONS</b>		
<b>Current Liabilities</b>		
Acceptances	2,434,594	-
Sundry Creditors		
Other than Micro Enterprises & Small Enterprises (Note No.11)	424,260,739	-
Security Deposits	33,895,436	686,408
Other liabilities	325,281,138	-
Interest Accrued but not due	676,460	-
	<b>786,548,367</b>	<b>686,408</b>
<b>Provisions</b>		
For Leave Encashment	4,202,400	-
For Gratuity	708,044	-
For Superannuation	564,215	-
	<b>5,474,659</b>	<b>-</b>
<b>TOTAL</b>	<b>792,023,026</b>	<b>686,408</b>

cash

(Amount in Rs)

PARTICULARS	2009-10	2008-09
<b>SCHEDULE '12: OTHER INCOME</b>		
Interest Income (Tax deducted at source Rs. 13,365/-; Previous year Rs. 60,699/-)	482,273	267,868
Foreign Exchange Gain	787,514	-
Profit on Sale of Fixed Assets	107,453	-
Miscellaneous Income and Credits (Tax deducted at source Rs. 1,669,339/-; Previous year Rs. Nil)	10,070,299	625,360
<b>TOTAL</b>	<b>11,447,539</b>	<b>893,228</b>
<b>SCHEDULE '13: COST OF GOODS SOLD</b> (including concession purchase)		
Stock acquired under the Scheme of Arrangement	379,108,975	-
Add:Purchases	941,962,390	-
Less:Closing Stock	373,014,693	-
<b>TOTAL</b>	<b>948,056,672</b>	<b>-</b>
<b>SCHEDULE '14: EMPLOYEE COSTS</b>		
Salaries, allowance and Bonus	144,786,257	-
Contribution to Provident Fund and Other Funds	5,445,002	-
Staff Welfare Expenses	5,890,296	-
<b>TOTAL</b>	<b>156,121,555</b>	<b>-</b>
<b>SCHEDULE '15: OPERATING AND ADMINISTRATIVE EXPENSES</b>		
Power & Fuel	19,474,530	-
Insurance	788,909	-
Processing Charges	82,291,828	-
Printing, Stationary & Communication	13,731,241	9,320
Lease Rent and Hire charges	141,988,028	-
Commission, Brokerage and Discounts	308,257,515	-
Business Conducting Fees	256,025	-
Rates and Taxes	18,720,050	-
Repairs and Maintenance		
-Buildings	2,114,675	-
-Others	14,483,399	-
Royalty on Sales	80,622,249	-
Freight, Insurance and Clearing Charges	43,805,401	-
Legal and Professional Fees	4,348,578	25,504
Housekeeping Charges	3,252,790	-
Security Charges	5,274,669	-
Computer Expenses	5,382,254	-
Conveyance and Travelling Expenses	26,195,357	615
Advertisement and Publicity	165,480,308	-
Sales Promotion	8,100,662	-
Charges for Credit Card Transactions	5,082,235	-
Packing Materials	21,899,925	-
Contract Labour cost	66,951,782	-
Bad Debts Written Off	3,563	-
Sampling and Testing Expenses	22,168,622	-
Miscellaneous Expenses	30,697,642	669,905
<b>TOTAL</b>	<b>1,091,372,237</b>	<b>705,344</b>
<b>SCHEDULE '16: INTEREST AND FINANCE CHARGES</b>		
Interest		
On Cash-Credit & Other Facilities	29,023,613	-
Others	2,859,852	-
Other Finance Charges	8,868,667	550
<b>TOTAL</b>	<b>40,752,132</b>	<b>550</b>
<b>SCHEDULE '17: (INCREASE)/DECREASE IN STOCKS</b>		
<b>Finished goods and Work-in-Progress</b>		
Closing Stocks	134,178,380	-
Stock acquired under the Scheme of Arrangement	16,211,306	-
<b>(Increase)/Decrease in Stock</b>	<b>(117,967,074)</b>	<b>-</b>

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

Arvind Lifestyle Brands Ltd (ALBL) is engaged in the business of retailing Apparels. ALBL is the pioneers of Apparel Value retailing business in India. With close to 100 stores panning the length and breadth of the country, ALBL showcases some of the best known international brands, the likes of ARROW, GANT, U. S. POLO apart from our very own FLYING MACHINE.

**2. SIGNIFICANT ACCOUNTING POLICIES****(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

**(B) USE OF ESTIMATES**

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

**(C) INFLATION**

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

**(D) REVENUE RECOGNITION**

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

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

**(E) VALUATION OF INVENTORY**

The stock of raw material, work-in-progress, finished goods and packing material of the Company has been valued at the lower of cost and net realizable value. Cost includes cost of materials and cost of conversion. The cost of raw material and finished goods traded has been measured on the Weighted Average Cost basis and the cost of Finished Goods manufactured has been measured on the standard cost basis.

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## (F) FIXED ASSETS & DEPRECIATION/AMORTISATION

### Tangible Assets

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

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

### Intangible Assets

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

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

### Depreciation on Tangible Assets

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

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

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

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

### Amortisation of Intangible Assets

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

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

## (G) IMPAIRMENT OF ASSETS

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

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**(H) FOREIGN CURRENCY TRANSACTIONS**

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

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

**(I) RETIREMENT BENEFITS**

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

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

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

**(J) BORROWING COST**

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

**(K) LEASE ACCOUNTING**

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

**(L) TAXES ON INCOME**

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

Deferred tax is 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.

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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.

### **(M) EARNING PER SHARE**

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

### **(N) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

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

### **3. Scheme of Arrangement:**

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

Pursuant to the Scheme:

- (a) The Brand Business Division ("BBD") of Arvind stands demerged from Arvind and transferred to and vested in the Company as a going concern with effect from 1<sup>st</sup> April 2009 (the appointed date).
- (b) BBD means the entire Undertaking classified as BBD of the demerged company Arvind, carrying on the business of manufacturing, marketing and promotion of branded apparels among other activities along with all liabilities contingent or otherwise pertaining to or relating to the undertaking as appearing in the books of accounts which arise out of the activities or operations of the undertaking but excluding loans and borrowings and debentures, if any taken from any bank and/or financial institutions.
- (c) With effect from the appointed date and upon the Scheme becoming effective, all the assets (including Intangible Assts), liabilities (including contingent liabilities but excluding loans and borrowings and debentures, if any taken from any bank and/or financial institutions) and employees, of BBD of Arvind existing immediately before the appointed date have been transferred to the Company and have been recorded at their respective fair values as estimated by the management.
- (d) In consideration of demerger of BBD from Arvind and consequent transfer and vesting of BBD into the Company, the Company has issued and allotted 2,00,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 60/- per Share, credited as fully paid-up in the Capital of the Company to Arvind.

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

#### Intangible Assets

The Company has identified Intangible Assets viz. License Brands, Job Workers' Network and Vendors' Network accruing to the Company up on its acquisition of the BBD of Arvind. These assets have been valued at Fair Value based on the valuation report of an independent chartered accountant. The consideration paid towards these intangible assets has been apportioned in ratio of the fair values as per the said valuation report and recognized in the books of account as follows:

Intangible Asset	Amount Rs.
License Brands	640,957,210
Job Workers' Network	17,295,984
Vendors' Network	62,728,346
<b>Total</b>	<b>720,981,540</b>

Other details are as follows:

PARTICULARS	Amount Rs.
<b>Assets</b>	
<b>Intangible Assets</b>	720,981,540
<b>Fixed Assets</b>	403,107,701
<b>Current Assets, Loans and Advances</b>	
a) Inventories	534,447,608
b) Sundry Debtors	519,219,708
c) Cash and Bank Balances	17,146,452
d) Other Current Assets	1,822,935
e) Loans and Advances	314,125,264
<b>Liabilities</b>	
<b>Current Liabilities and Provisions</b>	
a) Current Liabilities	1,100,981,311
b) Provisions	5,946,099
<b>Secured Loans</b>	3,923,798
<b>Net Assets</b>	<b>1,400,000,000</b>
<b>Represented by:</b>	
Share Capital	200,000,000
Share Premium	1,200,000,000

#### 4. CONTINGENT LIABILITIES

- (a) Bills discounted Rs. 68,154,783 (Rs. Nil)
- (b) Claims against the Company not acknowledged as Debt Rs.14,102,143 (Rs. Nil)
- (c) Demands in dispute: Excise Duty Rs. 4,153,856 (Rs. Nil); Sales Tax Rs.13,092,239 (Rs. Nil); Textile Committee Cess Rs. 1,094,000 (Rs. Nil).

5. The estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 33,758,079 (Rs. Nil).

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**6. SECURED LOANS**

Cash Credit and Other Facilities from Banks and Financial Institutions stand secured as under:

- (a) Cash Credit amounting to Rs. 581,740,004 are secured by way of hypothecation of inventories, consumable stores and spares, outstanding monies receivable both present and future and a second charge on all fixed Assets of the Company.
- (b) Loans of Rs. 1,733,186 are secured by hypothecation of related vehicles.

**7. UNSERCURED LOANS**

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

**8. Impairment of Fixed Assets**

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

**9. Employee Benefits**

Consequent to the adoption of Accounting Standard on Employee Benefits (AS 15 Revised 2005) notified by Companies (Accounting Standards) Rule, 2006, the following disclosures have been made as required by the Standard:

**(i) Defined Contribution Plans**

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

(Amount Rs.)

Particulars	2009-2010	2008-2009
Provident Fund	2,496,079	Nil
Superannuation Fund	814,510	Nil

**(ii) State Plans**

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

(Amount Rs.)

Particulars	2009-2010	2008-2009
Employee's State Insurance	98,188	Nil
Employee's Pension Scheme	1,346,893	Nil

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

Salary, Allowances and Bonus includes Rs. 1,509,931 towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

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**(b) Contribution to Gratuity Funds**

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

(Amount Rs.)

Particulars	2009-2010	2008-2009
<b>Change in the Benefit Obligations :</b>		
Liability at the beginning of the year assumed under the Scheme of Arrangement	4,323,218	NIL
Interest Cost	213,578	NIL
Current Service Cost	1,206,435	NIL
Benefits Paid	(980,832)	NIL
Actuarial Gain	(1,228,941)	NIL
Liability at the end of the year	<b>3,533,458</b>	NIL
<b>Fair Value of Plan Assets :</b>		
Fair Value of Plan Assets at the beginning of the year	1,311,067	NIL
Expected Return on Plan Assets	207,456	NIL
Contributions	2,475,666	NIL
Benefits Paid	(980,832)	NIL
Actuarial gain/(loss) on Plan Assets	(187,943)	NIL
Fair Value on Plan Assets at the end of the year	<b>2,825,414</b>	NIL
Total Actuarial gain to be recognized	(1,040,998)	NIL
<b>Actual Return on Plan Assets :</b>		
Expected Return on Plan Assets	207,456	NIL
Actuarial gain/(loss) on Plan Assets	(187,943)	NIL
Actual Return on Plan Assets	<b>(187,943)</b>	NIL
<b>Amount Recognized in the Balance Sheet :</b>		
Liability at the end of the year	3,533,458	NIL
Fair Value of Plan Assets at the end of the year	2,825,414	NIL
Amount recognized in the Balance Sheet under " Provision for Retirement Benefit "	<b>708,044</b>	NIL
<b>Expense Recognized in the Profit and Loss Account :</b>		
Interest Cost	213,578	NIL
Current Service Cost	1,206,435	NIL
Expected Return on Plan Assets	(207,456)	NIL
Net Actuarial gain to be recognized	(1,040,998)	NIL
Expense recognized in the Profit and Loss Account under "Employee Emoluments"	<b>171,559</b>	NIL
<b>Reconciliation of the Liability Recognized in the Balance Sheet :</b>		
Opening Net Liability	3,012,151	NIL
Expense Recognized	171,559	NIL
Contribution by the Company	2,475,666	NIL
Amount recognized in the Balance Sheet under " Provision for Retirement Benefits "	<b>708,044</b>	NIL

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

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## Principal Assumptions:

Particulars	Current Year (%)	Previous Year (%)
Discount Rate	8%	NIL
Return on Plan Assets	8.5%	NIL

**10. Lease Rent:**

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

The particulars of these leases are as follows:

(Amount Rs.)

Particulars	2009-10	2008-09
Future Minimum lease payments obligation on non-cancellable operating leases :		
Not later than one year	37,778,058	NIL
Later than one year and not later than five years	1,460,748	NIL
Later than five years	0	NIL
Lease Payment recognised in Profit & Loss Account	141,988,028	NIL

**11. Micro & Small Enterprises Dues**

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

- Amount due and outstanding to suppliers as at the end of accounting year;
- Interest paid during the year;
- Interest payable at the end of the accounting year;
- Interest accrued and unpaid at the end of the accounting year; have not been given.

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

**12. Auditors' Remuneration:**  
(Included in Miscellaneous Expenses)

(Amount Rs.)

Statutory Auditors	2009-10	2008-09
As Auditors	1,000,000	11,030

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

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on "Cash Flow Statements" (AS 3) notified by Companies (Accounting Standards) Rule, 2006.
- Figures in bracket represent outflow of cash.
- Cash and Cash Equivalents include Rs. 13,520,118 (Rs. Nil) not available for use by the Company.

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4. In accordance with the scheme of arrangement approved by the High Court of Gujarat, the demerger of Brand Business Division of Arvind in to the Company is a non-cash transaction for the Company.
5. Cash and Cash Equivalents at the beginning of the year include Rs. 17,146,452 of Brand Business Division acquired on Demerger.

**14. 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' notified by Companies (Accounting Standards) Rule, 2006, constitutes a single reporting segment.

**Secondary Segment (Geographical by Customers)**

(Amount Rs.)

<b>PARTICULARS</b>	<b>2009-10</b>	<b>2008-09</b>
<b>Segment Revenue</b>		
a) In India	2,421,308,621	NIL
b) Outside India	98,520,665	NIL
<b>Total Sales</b>	<b>2,519,829,286</b>	<b>NIL</b>
<b>Carrying Cost of Assets by location of Assets</b>		
a) In India	2,834,351,543	NIL
b) Outside India	0	NIL
<b>Total</b>	<b>2,834,351,543</b>	<b>NIL</b>
<b>Addition to Assets</b>		
a) In India	90,991,387	NIL
b) Outside India	0	NIL
<b>Total</b>	<b>90,991,387</b>	<b>Nil</b>

**15. Related Party Disclosures:**

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

**List of Related Parties & Relationship:**

<b>Holding Company (1A)</b>	<b>Fellow Subsidiaries (1B)</b>
Arvind Limited	Arvind Products limited
	Arvind Retail Limited
	Asman Investment Limited

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

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**Related Party Transactions:**

(Amount Rs.)

Nature of Transactions	Referred in 1(A) Above		Referred in 1(B) Above	
	2009-10	2008-09	2009-10	2008-09
<b>Purchases</b>				
Goods and Materials	205,884,405	NIL	8,604,609	NIL
<b>Sales</b>				
Goods and Materials	774,819	NIL	279,100,421	NIL
Fixed Assets	263,119	NIL	NIL	NIL
<b>Expenses</b>				
Rent Expenses	NIL	NIL	468,000	NIL
Remuneration & Other Services	NIL	NIL	600,000	NIL
Processing charges	2,152,323	NIL	NIL	NIL
Others	15,154,126	NIL	55,168	NIL
<b>Income</b>				
Rendering of Services	3,545,994	NIL	42,170,155	NIL
Others	1,555,839	NIL	13,300,921	NIL
Rent	2,269,725	NIL	NIL	NIL
<b>Finance</b>				
Loan given / (taken) (Net)	(50,000,000)	NIL	212,747,250	NIL
Interest on loan	72,431	NIL	NIL	NIL
Share Capital Issued under the scheme of Demerger	1,400,000,000	NIL	NIL	NIL
<b>Outstanding :</b>				
Receivable in respect of Current Assets	5,931,732	NIL	16,451,984	NIL
Receivable /(Payable) in respect of Loans	(50,072,431)	NIL	212,747,250	NIL
Payable in respect of Current Liabilities	94,618,190	NIL	19,459,582	NIL

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

Particulars		2009-10	2008-09
Profit available to Equity Shareholder	Rs.	20,999,087	139,883
Weighted average no. of Equity Shares for Basic/Diluted EPS	No.	20,050,100	50,100
Nominal value of Equity Shares	Rs.	10	10
Basic / Diluted Earning per Equity Share	Rs.	<b>1.05</b>	<b>2.79</b>

**17. Deferred Tax**

In terms of the provisions of the Accounting Standard - 22 "Accounting for Taxes on Income" notified by Companies (Accounting Standards) Rules, 2006, the Company has recognized the deferred tax asset. The component of deferred tax assets as on March 31, 2010 are as follows:

(Amount Rs.)

PARTICULARS	2009-10	2008-09
Fixed Assets	(45,355,567)	NIL
Expenditure allowable on payment basis	360,140	NIL
Unabsorbed loss / Depreciation	58,175,343	NIL
<b>Net Deferred Tax Asset</b>	<b>13,179,916</b>	<b>NIL</b>

*Handwritten signature/initials*

18. Sundry Debtors, Sundry Creditors and Loans and Advances include certain accounts which are subject to confirmation/reconciliation and consequential adjustments if any, the effect of which is not ascertainable.
19. **Provision for Disputed Matters**

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

(Amount Rs.)

Particulars	Indirect Taxes
Balance acquired under the Scheme of Arrangement	28,124,552
Add : Provision made	Nil
Less : Provision reversed	Nil
<b>Closing Balance</b>	<b>28,124,552</b>

20. **Unhedged Foreign Currency Exposure:**

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

PARTICULARS	MAR'10		MAR'09
	INR	FC	
Payable towards royalty	32,910,440 753,535	\$ 734,280 SEK 122,926	NIL
Payable for purchase of merchandise	3,392,958	\$ 75,567	NIL
Receivable on sale of Merchandise	12,458,358	\$ 277,469	NIL

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

Class of Goods	Unit of Quantity	2009-10		2008-09	
		Quantity *	Amount Rs.	Quantity	Amount Rs.
(A) <b>Garments :</b> Garments *	Nos.	3,535,267	2,501,433,877	NIL	NIL
(B) <b>Misc Sales</b>			18,395,409		NIL
<b>TOTAL SALES</b>			<b>2,519,829,286</b>		<b>NIL</b>

\*After adjusting shortages/excess, if any.

*with*

**22. Break up of Raw Materials Consumed :**

Item	Unit of Quantity	2009-10		2008-09	
		Quantity	Amount Rs.	Quantity	Amount Rs.
Fabric *	Meters	1,543,200	249,373,359	NIL	NIL
Others			53,390,126	NIL	NIL
<b>TOTAL</b>			<b>302,763,485</b>	<b>NIL</b>	<b>NIL</b>

## Notes:

1. In view of large number of items, individually costing less than 10% of the total consumption, quantitative details have not been given.
2. The value of raw material consumed is net of sales of Rs. 282,534,294 (Rs. Nil)

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

Particulars		2009-10		2008-09	
Item	Unit of Qty	Quantity	Amount Rs.	Quantity	Amount Rs.
Garments	Nos.	2,554,245	941,962,390	NIL	NIL
<b>Total</b>		<b>2,554,245</b>	<b>941,962,390</b>	<b>NIL</b>	<b>NIL</b>

**24. Breakup of Finished Goods Stock**

Item	Unit of Quantity	2009-10		2008-09	
		Quantity	Amount Rs.	Quantity	Amount Rs.
<b>Opening Stocks :</b> Acquired under the Scheme of Demerger					
<b>Garments:</b> Garments	Nos.	1,485,744	379,108,975	NIL	NIL
<b>TOTAL</b>		<b>1,485,744</b>	<b>379,108,975</b>	<b>NIL</b>	<b>NIL</b>

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

Item	Unit of Quantity	2009-10		2008-09	
		Quantity	Amount Rs.	Quantity	Amount Rs.
<b>Closing Stocks :</b> <b>Garments:</b> Garments	Nos.	1,383,279	490,102,234	NIL	NIL
<b>TOTAL</b>		<b>1,383,279</b>	<b>490,102,234</b>		

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**26. Actual Production**

Class of Goods	Unit of Quantity	2009-10	2008-09
Garments*	Nos.	878,557	Nil

\* Includes Garments produced outside the Company by Job workers.

**27. Installed Capacity**

Particulars	2009-10	2008-09
Garments (Pcs.)	1,000,000	Nil

**Notes:**

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

**28. C.I.F value of Imports**

(Amount Rs.)

Particulars	2009-10	2008-09
(a) Raw Materials	13,350,207	Nil
(b) Accessories	9,319,335	Nil
(c) Finished Goods	9,912,546	Nil

**29. Expenditure in Foreign Currency**

(Amount Rs.)

Nature of Expenses	2009-10	2008-09
(a) Advertisement and Sales Promotion Expenses	109,942	Nil
(b) Design Fees	162,871	Nil
(c) Professional & Consultant fee	19,012	Nil
(d) Rent	334,796	Nil
(e) Royalty (Net of Tax)	1,547,342	Nil

**30. Consumption of Imported Raw Materials and Spares**

(Amount Rs.)

	2009-10		2008-09	
	Raw materials	Spares	Raw materials	Spares
Imported	1,988,597	NIL	NIL	NIL
	0.66%	NIL	NIL	NIL
Indigenous	300,774,888	NIL	NIL	NIL
	99.34%	NIL	NIL	NIL
Total	<b>302,763,485</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>100%</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

*with*

**31. Earning in foreign exchange**

(Amount Rs.)

Particulars	2009-10	2008-09
Export of goods on FOB basis	98,520,665	Nil

32. Previous year's figures are shown in brackets and are regrouped or recast wherever necessary. Current year's figures are not strictly comparable with those of previous year as they include the figures of Brand Business Division acquired on Demerger.

## Signatures to Schedules 1 to 18

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

*Chokshi Shreyas B.*

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

*SSL*  
*Director*  
 Director