

**ASMAN INVESTMENTS LIMITED**

**28<sup>th</sup> Annual Report**

**2009-2010**

**REGD. OFFICE**

**ARVIND PREMISES  
NARODA ROAD  
AHMEDABAD – 380 025**

# ASMAN INVESTMENTS LIMITED

## Regd. Office

ARVIND PREMISES  
NARODA ROAD  
AHMEDABAD - 380 025

## Directors

Mr. Jagdish G. Dalal - Director  
Mr. Hiren Rao - Director  
Mr. Bhupendra M. Shah - Director

## Auditors

Mehra Sheth & Associates  
304 - Paritosh  
Near Darpan Academy  
Usmanpura  
Ahmedabad - 380 013

## ASMAN INVESTMENTS LIMITED

### NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of ASMAN INVESTMENTS LIMITED will be held on Thursday, the 30<sup>th</sup> September, 2010 at 12.30 p.m. at the Registered Office of the Company at Arvind Limited Premises, Naroda Road, Ahmedabad-380 025 to transact the following Business:-

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit and Loss Account for the period ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. B. M. Shah who retires by rotation as required under Section 256 of the Companies Act, 1956 and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company to hold office up to the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS:

4. To appoint Mr. Hiren Rao as a Director of the Company who was appointed as an additional Director of the Company on 1<sup>st</sup> April, 2010.

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

Registered Office  
Arvind Limited Premises  
Naroda Road,  
Ahmedabad-380 025

Date : 25th May, 2010  
Place : Ahmedabad

BY ORDER OF THE BOARD



Jagdish Dalal  
Director



Hiren Rao  
Director

## **ASMAN INVESTMENTS LIMITED**

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

Mr. Hiren Rao was appointed as an Additional Director by the Board on 1<sup>st</sup> April, 2010. His term of office is expiring at this Annual General Meeting. The Company has received a Notice under section 257 of the Companies Act, 1956 from a member proposing his candidature as director of the company.

None of the directors of the company, except the concerned director himself, is in anyway interested in the resolution. The directors recommend the resolution for your approval.

**Registered Office**  
Arvind Limited Premises  
Naroda Road,  
Ahmedabad-380 025

**Date : 25th May, 2010**  
**Place : Ahmedabad**

**BY ORDER OF THE BOARD**

  
Jagdish Dalal  
Director

  
Hiren Rao  
Director

## **ASMAN INVESTMENTS LIMITED**

### **Directors' Report**

**To,  
The Members,**

Your Directors present their **TWENTY EIGHTH** Annual Report together with the audited Financial Statements for the year ended on 31<sup>st</sup> March, 2010.

#### **FINANCIAL PERFORMANCE**

During the year under review, the company has incurred a loss of Rs. 1517.54 lacs and the same is carried to Balance sheet.

#### **DIVIDEND**

In view of loss incurred by the Company, your Directors do not recommend any dividend on the equity shares for the financial period under review.

#### **SUBSIDIARY COMPANY**

The financial results of Arvind Products Limited, subsidiary company is attached to this Report alongwith the statement pursuant to Section 212 of the Companies Act, 1956.

#### **DIRECTOR**

Shri B. M. Shah, Director of the Company, retires by rotation as required under Section 256 of the Companies Act, 1956 but being eligible, offers himself for re-appointment.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

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

#### **PARTICULARS OF EMPLOYEES.**

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

## **FIXED DEPOSITS**

Although your Company is an NBFC but it has not accepted any deposits from the Public within the meaning of The Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank of India) Directions, 1998, no information is being furnished in respect of outstanding Deposits.

## **DIRECTORS' RESPONSIBILITY STATEMENT**


In compliance of Section 217(2AA) of the Companies Act, 1956, the Directors state that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
- (ii) Such accounting policies have been selected and applied consistently and such judgments and estimates have been made as are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2010 and of the profit of the Company for the year;
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The attached statements of accounts for the year ended on March 31, 2010 have been prepared on a going concern basis.

## **AUDITORS**

The auditors M/s. Mehta Sheth & Associates, Ahmedabad, retire and offer themselves for re-appointment. It is proposed that M/s. Mehta Sheth & Associates, Chartered Accountants be re-appointed as auditors of the Company. You are requested to appoint the auditors and fix their remuneration.

**FOR AND ON BEHALF OF THE BOARD**

  
(Jagdish Dalal)  
Director

  
(Hiren Rao)  
Director

Date : 25-05-2010

Place : Ahmedabad

GAURAV A. SHETH B.COM., F.C.A.

KETAN H. MEHTA B.COM., F.C.A., D.I.S.A.

SALIL G. SHETH M.COM., A.C.A., D.I.S.A.

304, "Paritosh", Nr. Darpan Academy, Usmanpura(River side), Ahmedabad-380 013(GUJARAT)  
Telefax: +91-79-27551578, 27552653 Email : gauravsheth@hotmail.com, salilgsheth@hotmail.com

### The Members of Asman Investments Limited

1. We have audited the attached balance sheet of Asman Investments Limited, as at 31<sup>st</sup> March 2010, the profit and loss account for the year ended on the date 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 the 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 (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose 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 accounts 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 dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet, profit and loss account dealt with this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) In view of accumulated Cash Loss and Current Year Cash Loss of company; net worth of the company has become negative.
  - (vi) 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 director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and

GAURAV A. SHETH B.COM., F.C.A.  
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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;

Place: Ahmedabad  
Date: 25<sup>th</sup> May, 2010

For Mehta Sheth & Associates;  
Chartered Accountants

*Gaurav A. Sheth*

(Gaurav A. Sheth)  
Partner

Membership No. 14049





Annexure

Re:- Asman Investments Limited

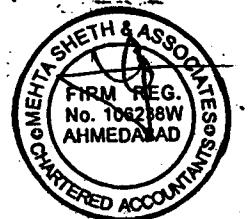
Referred to in paragraph 3 of our report of even date;

- on
- (i) (a) The company has maintained the proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) All the assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification
  - (ii) (a) The inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.  
(c) The company is maintaining proper record of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
  - (iii) (a) The company had taken the loan from its holding company M/s. Arvind Ltd; covered in the register maintained u/s. 301 of Companies Act, 1956 and interest is provided on the said loan. The maximum amount involved during the year as well as year end balance was Rs. 158.90 Crores

The company had taken interest free loan from M/s. Arvind Brands Ltd in FY 2008-09; which is covered in the register maintained u/s. 301 of the Companies Act, 1956. Maximum Balance during year was Rs. 2.20 Crore, whereas year end balance of such loan was Rs. Nil.

The company had also granted interest bearing loan to M/s. Anagram Capital Ltd.; covered in the register maintained under Section 301 of the Companies Act, 1956. Maximum Balance during the year was Rs. 1.11 Crore; whereas year end balance of such loan was Rs. Nil.

M/s. Lifestyle Fabrics Ltd. was subsidiary of the company till 26<sup>th</sup> April; 2009. Company had granted interest free loan to this company; when it was subsidiary of the company. Maximum amount of balance in the loan account of M/s. Lifestyle Fabrics Ltd; till 26<sup>th</sup> April; 2009 (date up to which it was subsidiary company) was Rs. 50,056/-





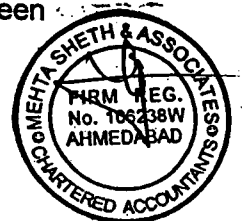
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- (b) In our opinion, the rate of interest and other terms & condition on which loans have been taken/granted from/to the companies listed in the register maintained under section 301 of companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (c) The company is regular in repaying the principle amounts as stipulated. There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in to the register maintained under section 301 of the Companies Act, 1956, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained u/s 301 of the companies Act 1956 and exceeding the value of Rs. 5,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (vii) (a) The company is regular in depositing with the appropriate authorities undisputed statutory dues including income tax, sales tax, wealth tax and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax were in arrears as at 31<sup>st</sup> March 2010 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, Income Tax Demand of Rs. 0.30 Lacs for AY 2006-07 is pending before Hon. CIT (Appeals). Barring this demand, there are no other dues of sales tax, income tax, wealth tax and cess which have not been deposited on account of any dispute.





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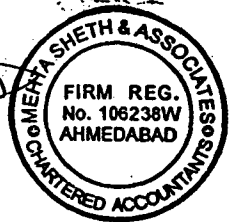
- (viii) During the year company has incurred cash loss and accumulated loss of the company has exceeded the Net Worth of the Company.
- (ix) The company is dealing in shares, securities, debentures and other investments. The proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other securities have been held by the company in its own name.
- (x) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

Clauses No.(i)(c),(vi),(viii), (xi), (xii),(xiii), (xv),(xvi),(xvii),(xviii),(xix), (xx) of Para 4 the said Order are not applicable.

Place: Ahmedabad  
Date: 25<sup>th</sup> May, 2010

For Mehta Sheth & Associates;  
Chartered Accountants

  
(Gaurav A. Sheth)  
Partner  
Membership No. 14049



# ASMAN INVESTMENTS LIMITED

## BALANCE SHEET AS AT 31st MARCH, 2010

PARTICULARS	SCHEDULE	AS AT	
		31.03.2010	31.03.2009
		Rs/ Lacs	Rs/ Lacs
<b>SOURCES OF FUNDS</b>			
(1) Shareholders' Funds			
(a) Share Capital	1	8.00	8.00
(b) Reserves & Surplus	2	418.36	418.36
		<b>426.36</b>	<b>426.36</b>
(2) Loan Funds			
(a) Secured Loans	3	110.00	310.00
(b) Unsecured Loans	4	15889.88	14144.09
		<b>15999.88</b>	<b>14454.09</b>
<b>TOTAL</b>		<b>16426.24</b>	<b>14880.45</b>
<b>APPLICATION OF FUNDS</b>			
(1) Fixed Assets	5		
(a) Gross Block		126.28	139.91
(b) Less: Depreciation		33.61	31.61
(c) Net Block		<b>92.67</b>	<b>108.30</b>
(2) Investments	6	<b>13210.41</b>	<b>13210.41</b>
(3) Current Assets, Loans & Advances	7		
(a) Inventories		156.21	157.72
(b) Sundry Debtors		53.02	102.73
(c) Cash and Bank Balances		81.40	97.78
(d) Loans and Advances		372.71	437.78
		<b>663.34</b>	<b>796.01</b>
Less:			
Current Liabilities and Provisions	8		
(a) Liabilities		304.85	466.31
(b) Provisions		3.46	18.55
		<b>308.31</b>	<b>484.86</b>
<b>Net Current Assets</b>		<b>355.03</b>	<b>311.15</b>
(4) Profit & Loss Account		<b>2768.13</b>	<b>1250.59</b>
<b>TOTAL</b>		<b>16426.24</b>	<b>14880.45</b>

Notes forming part of Accounts

13

As per our report attached

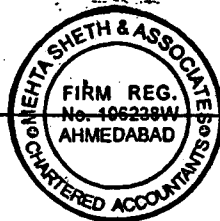
For on behalf of the Board of the Directors

FOR, Mehta Sheth & Associates

Chartered Accountants

**GAURAV A SHETH**  
Partner

Place: Ahmedabad  
Date: 25th May, 2010



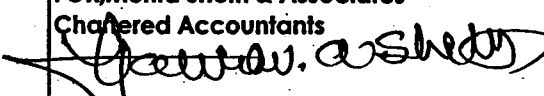

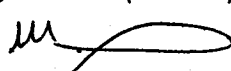
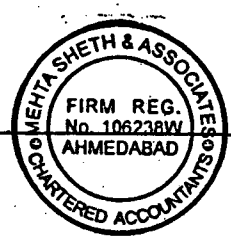
*Jagdish Dalal*  
Jagdish Dalal (Director)

*Hiren Rao*  
Hiren Rao (Director)

Place : Ahmedabad  
Date : 25th May, 2010

**ASMAN INVESTMENTS LIMITED**

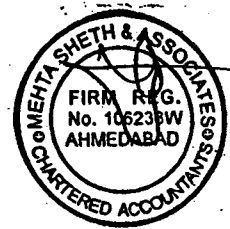
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010**

PARTICULARS	SCHEDULE	2009-10	
		Rs/ Lacs	Rs/ Lacs
<b>INCOME</b>			
Sales and Operating Income	9	4546.94	1766.69
Other Income	10	74.02	91.34
Increase/ - Decrease in stock	11	-1.51	-31.58
<b>TOTAL</b>		<b>4619.45</b>	<b>1826.44</b>
<b>EXPENSES</b>			
Purchases		4277.31	1545.60
Employees' Emoluments		40.51	29.84
Others	12	92.60	87.83
Finance & Interest Cost		1731.87	2042.03
Depreciation		4.77	4.85
<b>TOTAL</b>		<b>6147.06</b>	<b>3710.15</b>
Profit /(-) Loss for the year before Tax:		-1527.61	-1883.71
Less : Income Tax Provision written back		8.54	79.22
Add: Income Tax Expenses			
Wealth Tax		0.01	0.16
Short Provision of Income Tax for earlier Year		0.02	6.06
Fringe Benefits		0.00	0.88
Less :Prior Period Adjustments (Net)		1.56	0.00
Profit /(-) Loss for the year		<b>-1517.54</b>	<b>-1811.59</b>
Balance as per last year		-1250.59	561.00
Balance Carried to Balance Sheet		<b>-2768.13</b>	<b>-1250.59</b>
<b>Notes forming part of Accounts</b>	13		
As per our report attached			
FOR Mehta Sheth & Associates Chartered Accountants		For on behalf of the Board of the Directors	
			
GAURAV A SHETH Partner		Jagdish Dalal (Director)	
			
		Hiren Rao (Director)	
Place: Ahmedabad Date: 25th May, 2010			
			

**ASMAN INVESTMENTS LIMITED**

**SCHEDULES FORMING PART OF ACCOUNTS**

Particulars	Rs / Lacs	
	As at 31.03.2010	As at 31.03.2009
<b>Schedule 1 : Share Capital</b>		
<b>Authorised Share Capital</b>		
40,00,000 Equity Shares of Rs. 10/- each ( Previous Year	400.00	400.00
40,00,000 Equity Shares of Rs.10/- each)		
<b>Issued, Subscribed and Paid-up Share Capital</b>		
80,000 Equity Shares of Rs.10/- each	8.00	8.00
(76500 Equity Shares (Previous Year.76500 Equity Shares) is Held by Arvind s Limited the holding Company and its nominees )		
	8.00	8.00
<b>Schedule 2 : Reserves and Surplus</b>		
<b>Reserve Fund</b>		
Opening Balance		
Less :Transferred to Profit & Loss Account		
<b>Securities Premium Account</b>		
Opening Balance	418.36	418.36
Created during the year 2002-03 as per the Scheme of Arrangement of High Court of Gujarat		
<b>Closing Balance</b>	418.36	418.36
<b>Schedule 3 : Secured Loans</b>		
From HDFC Ltd.	110.00	310.00
(Note : Secured against Pledge of Shares of Arvind Limited held by AML Employees Welfare Trust)		
	110.00	310.00
<b>Schedule 4 : Usecured Loans</b>		
From a Company	0.00	220.00
From Holding Company	15889.88	13924.09
	15889.88	14144.09

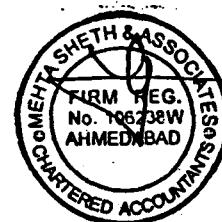


SCHEDULE 5

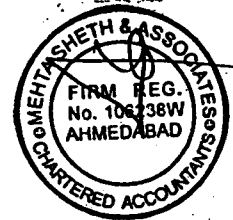
SCHEDULES FORMING PART OF THE ACCOUNTS

Rs / Lacs

Assets	Gross Block (At Cost)			Depreciation					Net Block	
	As at 01.04.2009	Additions	Deduction	As at 31.03.2010	As at 01.04.2009	Additions	Deduction	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Buildings	91.34		13.63	77.71	20.02	1.43	2.77	18.68	59.03	71.32
Furniture & Fixtures	30.54			30.54	7.03	1.93		8.96	21.57	23.51
Office Equipments	13.52			13.52	3.32	0.98		4.30	9.23	10.20
Vehicles	4.51			4.51	1.24	0.43		1.67	2.84	3.27
<b>Total</b>	<b>139.91</b>		<b>13.63</b>	<b>126.28</b>	<b>31.61</b>	<b>4.77</b>	<b>2.77</b>	<b>33.61</b>	<b>92.67</b>	<b>108.30</b>



SCHEDULE 6: INVESTMENTS (At Cost)	No. of Shares/ Debentures	Rs / Lacs	
		as at 31.03.2010	as at 31.03.2009
<b>TRADE INVESTMENTS (QUOTED)</b>			
(A) Fully paid Equity Shares : Amol Decalite Limited	16500	5.78	5.78
<b>TRADE INVESTMENTS (UNQUOTED)</b>			
<b>OTHER INVESTMENTS</b>			
(A) Fully Paid Equity Shares/Units (Quoted) Rajesh Maleables Limited	54000	0.51	0.51
(B) Fully Paid Equity Shares(Unquoted) Pinnacle Shares Registry Pvt.Ltd. Amazon Textile Private Ltd.	2400 236120	0.24 386.39	0.24 386.39
(D) OTHER INVESTMENTS National Savings Certificates		387.15 0.15 0.15	386.63 0.15 0.15
(E) Investment in Subsidiary Companies Fully paid Equity Shares Arvind Products Limited (Quoted) Life Style Fabrics Limited (Quoted) (3949295 Sold during the year)	40582035	12817.34	12817.34
Aggregate Value of Quoted Investments At Cost Price		13210.41	13210.41
At Market Price		12823.63	12823.63
Aggregate value of Unquoted Investments At Cost Price		1785.61	864.40
		386.78	386.78





**ASMAN INVESTMENTS LIMITED**

**SCHEDULES FORMING PART OF ACCOUNTS**

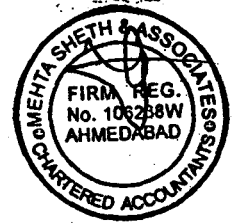
Particulars	Rs / Lacs	
	As at 31.03.2010	As at 31.03.2009
<b>Schedule 7 : Current Assets, Loans and Advances</b>		
<b>(A) Current Assets:</b>		
<b>(a) (1) Inventories</b>		
<b>( At lower of cost or market value)</b>		
<b>(a) Finished Goods</b>	156.21	157.72
	156.21	157.72
<b>(b) Sundry Debtors</b>		
<b>(1) Outstanding for a period exceeding six months</b>		
considered good	53.02	0.69
considered doubtful	0.00	0.00
Less : Provision	0.00	0.00
	53.02	0.69
<b>(2) Others (Considered Good)</b>		102.04
	53.02	102.73
<b>(C) Cash &amp; Bank Balances</b>		
Cash on Hand	0.41	1.29
Bank Balances	80.72	86.14
<b>(With Schedule Bank in Current Account in India)</b>		
Cheques on Hands	0.25	10.33
Fixed Deposit	0.02	0.02
	81.40	97.78
<b>(B) Loans &amp; Advances (Unsecured Considered Good)</b>		
Prepaid Expenses	0.32	0.50
Advances recoverable in cash or kind	338.64	394.61
Advance Tax Paid	33.75	42.67
	372.71	437.78
	663.34	796.01
<b>Schedule 8 : Current Liabilities and Provisions</b>		
<b>(A) Current Liabilities</b>		
Sundry Creditors	26.01	140.20
Other Liabilities	278.84	326.11
	304.85	466.31
<b>(B) Provisions</b>		
Income Tax	0.01	15.83
Other Provisions	3.45	2.72
	3.46	18.55
	308.31	484.86



**ASMAN INVESTMENTS LIMITED**

**SCHEDULES FORMING PART OF ACCOUNTS**

Particulars	Rs / Lacs	
	2009-10	2008-09
<b>Schedule 9 : Sales And Operating Income</b>		
Sales of Cloths / Ready Made Garments	4455.72	1709.63
Operating Income	91.22	57.06
	<b>4546.94</b>	<b>1766.69</b>
<b>Schedule 10 : Other Income</b>		
Dividend Income	0.43	0.43
Interest Income	42.52	53.91
Misc. Income	25.07	28.01
Commission Income (Inclusive of Service Tax)	6.00	9.00
	<b>74.02</b>	<b>91.34</b>
<b>Schedule 11 : Increase/(Decrease) in Stock</b>		
Finished Goods (Garments & Cloth)		
Closing Stock	156.21	157.72
Less : Opening Stock	157.72	189.30
	<b>-1.51</b>	<b>-31.58</b>
<b>Schedule 12 : Other Expenses</b>		
Administrative Expenses	92.03	87.26
Audit Fees	0.57	0.57
As Auditor	0.00	
	<b>92.60</b>	<b>87.83</b>



## **SCHEDULE 13**

### **NOTES FORMING PART OF THE ACCOUNTS**

Significant Accounting Policies:

#### **Basis of Accounting:-**

- i) The Financial Statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles, applicable accounting standards, the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- ii) The Company follows mercantile system of accounting and recognizes items of income and expenditure on accrual basis.

#### **A) Sales & Operating Income:-**

Sales and Operating Income comprises of sales of cloth / Garments, Profit on Sale of Investments and Rent Income.

#### **B) Fixed Assets:-**

All the fixed assets have been stated at cost inclusive of incidental expenses less accumulated depreciation.

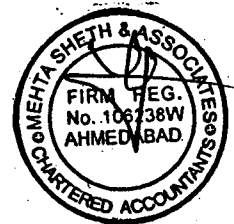
#### **C) Depreciation:-**

The Company has provided depreciation as under:-

- (i) On the assets held for own use, depreciation is provided on straight line method as per rates prescribed in Schedule XIV to the Companies Act, 1956;

#### **D) Investments:-**

Long term investments are stated at cost.



**F] Revenue Recognition:-**

Dividend is accounted for as and when it is received.

**G] Inventories:-**

Valuation of inventories is made as under:-

- a) Finished Goods - At Lower of cost or Market Value and Cost is measured on actual average for the whole year.

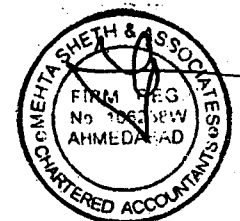
**H] Gratuity:**

As no employee of the company is in continuous service for more than 5 years, payment of Gratuity Act, 1972 does not apply and hence provision of Gratuity is not made.

**Notes on Accounts:**

**1. Contingent Liabilities:-**

- a) Income Tax demands in dispute Rs. 0.30 Lacs for A Y 2006-07
2. Previous years' figures have been regrouped wherever necessary.
3. Pending completion of the relevant formalities of transfer of certain assets and liabilities acquired pursuant to the Scheme of Amalgamation such assets and liabilities remain included in the books of the Company under the name of erstwhile Amalgamating Companies.

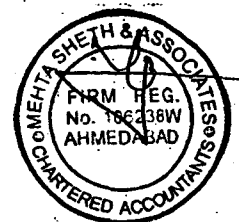


**4 Related Party Disclosures**

<b>1</b>	<b>Parties where control exists:</b>	<b>Relationship</b>
	Arvind Limited	Holding Company
	Arvind Products Limited	Subsidiary
	Lifestyle Fabrics Limited	Subsidiary
	Arvind Retail Limited	Subsidiary of Holding
	Arvind Lifestyle Brands Ltd	Subsidiary of Holding

**2 Transactions during the year with related parties**

	Holding Company	Subsidiary Companies	Subsidiary of Holding Company	Total
<b>a</b>	<b>Unsecured Loans</b>			
	Taken during the year	2050.80		2050.80
	Repaid during the Year	85.00		85.00
	Balance as at 31-03-2010	15889.88		15889.88
<b>b</b>	<b>Investments</b>			
	Purchased during the period			
	Sold during the period			
	Balance as at 31-03-2010		12817.34	12817.34
<b>c</b>	<b>Sundry Debtors</b>			
	Balance as at 31-03-2010	17.97		17.97
<b>d</b>	<b>Loans &amp; Advances</b>			
	Balance as at 31.3.2010			
	Maximum Balance during the year			
<b>e</b>	<b>Current Liabilities</b>			
	Other Liabilities	103.48		103.48
	Sundry Creditors	17.41	7.74	25.15
<b>f</b>	<b>Income</b>			
	Rent Income	1.32		1.32
	Commission Income	6.00		6.00
<b>g</b>	<b>Expenditures</b>			
	Purchases	56.70	3.70	37.91
	Sales	40.22	2.43	42.65
	Interest Expense	1695.88		1695.88



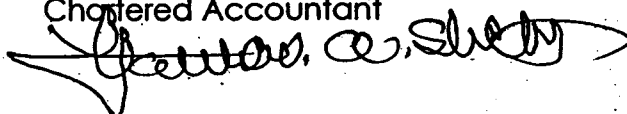
5. In terms of Accounting Standard (AS 22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, there is net deferred tax assets for the past years as well as for the current period due to unabsorbed depreciation and carry forward losses of past years. In compliance with the provisions of the Accounting Standard and based on the general prudence, the Company has not recognised the said deferred tax assets while preparing the accounts of the year under audit.

6. Quantitative details.

	Year	Opening Stock		Purchases		Sales		Closing Stock	
		Qty	Rs /Lacs	Qty	Rs /Lacs	Qty	Rs /Lacs	Qty	Rs /Lacs
Garments(Nos)	2009	49378	127.44	138681	339.44	151490	347.76	36569	111.88
Cloths(Mtrs)	-10	24158	30.28	97636	101.61	83448	85.58	38346	44.33
Cloths (Mtrs) Trading				4657241	3849.74	4657241	3896.04		
Garments(Nos)	2008	82845	157.86	136134	307.25	169601	337.67	49378	127.44
Cloths(Mtrs)	-09	34123	31.45	1489849	1238.35	1499814	1239.52	24158	30.28

On behalf of the Board of Directors

As per our report attached  
For **Mehta Sheth & Associates**  
Chartered Accountant



**Gaurav A. Sheth**  
Partner

Place : Ahmedabad  
Date : 25<sup>th</sup> May, 2010



**Jagdish G. Dalal** Director



**Hiren Rao** Director

Place : Ahmedabad  
Date : 25<sup>th</sup> May, 2010

