

ARVIND LIFESTYLE BRANDS LIMITED

ANNUAL REPORT

2012 - 2013

ARVIND LIFESTYLE BRANDS LIMITED

Regd Off: Arvind Mills Premises, Naroda Road, Ahmedabad – 380 025

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of Arvind Lifestyle Brands Limited will be held on Monday, the 30th September, 2013 at 12 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 2013 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. Munesh Khanna, who retires by rotation in terms of Article 135 of the Articles of Association of the Company and being eligible, offers himself for reappointment.

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/-

Suresh Jayaraman
Managing Director

Place: Ahmedabad

Date: 16th May 2013

ARVIND LIFESTYLE BRANDS LIMITED

Regd Off: Arvind Mills Premises, Naroda Road, Ahmedabad – 380 025

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 2012 to 31st March 2013.

FINANCIAL RESULTS

| Particulars | For the period ended 31 st March 2013 (Amount in rupees) | For the period ended 31 st March 2012 (Amount in rupees) |
|--|---|---|
| Sales & Services | 12,854,715,356 | 6,755,432,873 |
| Other Income | 85,923,637 | 42,357,947 |
| Total Income | 12,940,638,993 | 6,797,790,820 |
| Profit/Loss before interest and depreciation | 754,298,363 | 605,392,839 |
| Interest | 483,454,794 | 260,017,115 |
| Profit before depreciation | 270,843,569 | 345,375,724 |
| Depreciation/Amortization | 463,015,702 | 144,589,419 |
| Profit/(Loss) before tax | (192,172,133) | 200,786,305 |
| Tax | (61,266,776) | 67,088,735 |
| Profit/(Loss) after Tax | (130,905,357) | 133,697,570 |
| Profit /(Loss) after tax carried over to Balance Sheet | (65,219,532) | 257,522,390 |
| Proposed Dividend | - | - |

OPERATIONS

Your Company has posted a sales turnover of Rs. 12,854,715,356/- during the year under review. The operating profit before interest and depreciation stands at Rs. 754,298,363/-.

DIVIDEND

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

DIRECTOR

Mr. Munesh Khanna, 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.

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.

AUDITORS

The Auditors of the Company, M/s Sorab, S. Engineer, Chartered Accountants retire at the conclusion of the Seventeenth 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.

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

Place: Ahmedabad
Date: 16th May 2013



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, 2013, 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 referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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. 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, 2013;
- (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 and with the returns received from branches not visited by us;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
May 16, 2013



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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- (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, 2013 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, 2013 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 |
| Central Excise Act | Excise Duty | 2,221,000 | 2010-2011 | Assistant Commissioner |
| | | 3,895,856 | 2002-2003 to 2003-2004 | Reference with High Court |
| | | 158,000 | 2006-2007 | Commissioner of Central Excise |
| Textile Committee | Textile Committee Cess | 100,000 | 2006-2007 | CESTAT |
| | | 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.

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- (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 16, 2013

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Arvind Lifestyle Brands Limited

Balance Sheet

Amount in Rs.

| | Note | As at | |
|--|------|------------------------|-----------------------|
| | | March 31, 2013 | March 31, 2012 |
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share Capital | 3 | 27,33,51,000 | 20,05,01,000 |
| Reserves and Surplus | 4 | 2,21,53,11,527 | 1,45,75,22,390 |
| Non-current liabilities | | | |
| Long Term Borrowings | 5 | 50,58,18,335 | 53,60,87,842 |
| Deferred Tax Liabilities (Net) | 6 | - | 8,96,62,060 |
| Other Long Term Liabilities | 7 | 9,97,48,665 | 8,27,16,524 |
| Current liabilities | | | |
| Short Term Borrowings | 8 | 2,89,59,40,487 | 1,56,59,85,244 |
| Trade Payables | 9 | 4,40,13,72,654 | 1,76,55,76,735 |
| Other Current Liabilities | 10 | 61,00,30,206 | 30,06,00,698 |
| Short Term Provisions | 11 | 7,24,45,482 | 4,78,58,998 |
| Total | | 11,07,40,18,356 | 6,04,65,11,491 |
| Assets | | | |
| Non-current assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 12 | 1,78,01,84,302 | 72,40,32,590 |
| Intangible Assets | 13 | 77,11,67,992 | 61,64,92,028 |
| Capital Work-In-progress | | 1,85,55,824 | 8,21,299 |
| Non Current Investments | 14 | 1,54,200 | 35,01,54,200 |
| Long Term Loans and Advances | 15 | 1,11,89,66,508 | 49,46,59,752 |
| Deferred Tax Assets (Net) | 6 | 10,69,43,983 | - |
| Other Non Current Assets | 16 | 13,96,923 | - |
| Current assets | | | |
| Inventories | 17 | 3,22,48,92,132 | 1,39,67,96,863 |
| Trade Receivables | 18 | 3,28,44,88,075 | 2,18,50,66,435 |
| Cash and Bank Balances | 19 | 23,06,59,556 | 7,81,63,328 |
| Short Term Loans and Advances | 20 | 52,22,47,561 | 19,21,66,063 |
| Other Current Assets | 16 | 1,43,61,300 | 81,58,933 |
| Total | | 11,07,40,18,356 | 6,04,65,11,491 |
| 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 16, 2013

Sorab S. Engineer
Director

Shreyas B. Chokshi
Director

Ginkita
Company Secretary

Arvind Lifestyle Brands Limited

Statement of Profit and Loss

Amount in Rs.

| | Note | Year ended | |
|---|------|------------------------|-----------------------|
| | | March 31, 2013 | March 31, 2012 |
| Revenue from operations (Gross) | 23 | 13,37,22,30,724 | 6,91,54,27,444 |
| Less : Value Added Tax | | 51,75,15,368 | 15,99,94,571 |
| Revenue from operations (Net) | | 12,85,47,15,356 | 6,75,54,32,873 |
| Other Income | 24 | 8,59,23,637 | 4,23,57,947 |
| Total Revenue | | 12,94,06,38,993 | 6,79,77,90,820 |
| Expenses: | | | |
| Cost of materials consumed | 25 | 8,64,98,560 | 41,79,73,886 |
| Purchases of Stock in Trade | 26 | 6,99,58,79,998 | 2,79,71,97,878 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 27 | (60,53,11,867) | (18,96,26,365) |
| Employee benefits expense | 28 | 87,19,62,334 | 30,17,81,811 |
| Finance costs | 29 | 48,34,54,794 | 26,00,17,115 |
| Depreciation and amortization expense | 30 | 46,30,15,702 | 14,45,89,419 |
| Other expenses | 31 | 4,83,73,11,605 | 2,86,50,70,771 |
| Total expenses | | 13,13,28,11,126 | 6,59,70,04,515 |
| Profit/(Loss) before exceptional and extraordinary items and tax | | (19,21,72,133) | 20,07,86,305 |
| Exceptional Items | | - | - |
| Profit/(Loss) before extraordinary items and tax | | (19,21,72,133) | 20,07,86,305 |
| Extraordinary Items | | - | - |
| Profit/(Loss) before tax | | (19,21,72,133) | 20,07,86,305 |
| Tax expense: | | | |
| Current Tax | | - | 4,02,00,000 |
| MAT Credit Entitlement | | - | (32,00,000) |
| Deferred tax | | (6,12,66,776) | 3,00,88,735 |
| Profit/(Loss) for the year | | (13,09,05,357) | 13,36,97,570 |
| Earnings per equity share | 39 | | |
| (Nominal Value per Share Rs. 10/- (Previous year Rs. 10/-): | | | |
| Basic and Diluted | | (4.97) | 6.67 |
| 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 16, 2013

Gaya
Director
Ankita
Director
Company Secretary

Arvind Lifestyle Brands Limited

Cash Flow Statement

Amount in Rs.

| | Year ended | |
|---|------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) Before taxation | | 20,07,86,305 |
| Adjustments for: | (19,21,72,133) | |
| Depreciation /Amortization | 46,30,15,702 | 14,45,89,419 |
| Interest Income | (1,18,60,188) | (3,85,86,871) |
| Interest Expenses | 48,34,54,794 | 23,47,68,004 |
| Provision for Retirement Benefits | 1,81,11,948 | 1,00,67,973 |
| Sundry Debit Written off | 1,89,157 | 11,18,902 |
| Foreign Exchanges (Gain)/Loss | 79,05,383 | 39,27,230 |
| Fixed Assets Written off | 2,84,50,154 | - |
| (Profit)/Loss on Sale of Tangible assets | (1,66,666) | 88,697 |
| Operating Profit before Working Capital Changes | 98,91,00,284 | 35,59,73,354 |
| Working Capital Changes: | 79,69,28,151 | 55,67,59,659 |
| Changes in Inventories | (65,15,62,264) | (3,50,68,885) |
| Changes in other long term liabilities | 1,25,56,624 | 2,79,11,121 |
| Changes in trade payables | 1,24,95,76,887 | 13,59,12,711 |
| Changes in other current liabilities | 3,69,92,299 | 11,03,30,279 |
| Changes in short term provisions | (22,80,008) | (55,93,130) |
| Changes in long term loans and advances | (25,45,76,826) | (15,23,03,535) |
| Changes in trade receivables | (1,41,10,54,731) | (98,99,65,254) |
| Changes in other assets | (4,19,79,950) | 64,59,718 |
| Changes in short term loans and advances | (18,42,90,733) | (7,71,53,263) |
| Net Changes in Working Capital | (1,24,66,18,702) | (97,94,70,238) |
| Cash Generated from Operations | (44,96,90,551) | (42,27,10,579) |
| Direct Taxes paid (Net of Income Tax refund) | (2,03,93,490) | (5,41,00,669) |
| Net Cash flow from Operating Activities | (47,00,84,041) | (47,68,11,248) |
| B Cash Flow from Investing Activities | | |
| Purchase of tangible/intangible assets | (77,51,66,781) | (27,16,57,445) |
| Sale of tangible assets | 1,66,668 | 1,06,95,925 |
| Changes in Capital Advances | 13,86,48,745 | (62,77,720) |
| Purchase of Long term Investments | 35,00,00,000 | (35,00,00,000) |
| Changes in Loans & Advances | - | 25,00,00,000 |
| Changes in Loans to Employees | (2,07,935) | (2,40,798) |
| Interest Income | 1,04,33,693 | 6,45,91,576 |
| Net cash flow from Investing Activities | (27,61,25,610) | (30,28,88,462) |
| C Cash Flow from Financing Activities | | |
| Issue of Equity Shares | 50,00,00,000 | - |
| Changes in long term Borrowings | (7,31,91,988) | 42,69,40,518 |
| Changes in short term borrowings | 85,58,74,658 | 61,63,65,335 |
| Interest Paid | (48,03,00,161) | (23,47,36,386) |
| Net Cash flow from Financing Activities | 80,23,82,509 | 80,85,69,467 |
| Net Increase/(Decrease) in cash & cash equivalents | 5,61,72,858 | 2,88,69,757 |
| Cash & Cash equivalents at the beginning of the period | 5,01,27,338 | 2,12,57,581 |
| Add: Adjustment on Amalgamation | 2,13,37,875 | - |
| Cash & Cash equivalents after Amalgamation | 7,14,65,213 | 2,12,57,581 |
| Cash & Cash equivalents at the end of the period | 12,76,38,071 | 5,01,27,338 |

| Particulars | As at | |
|---|---------------------|--------------------|
| | March 31, 2013 | March 31, 2012 |
| Cash and cash equivalents comprise of: (Note 18) | | |
| Cash on Hand | 12,637 | 48,711 |
| Balances with Banks | 12,76,25,434 | 5,00,78,627 |
| Total | 12,76,38,071 | 5,01,27,338 |

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 16, 2013

[Signature]
Director

[Signature]
Director

[Signature]
Company Secretary

3 Share Capital

| | Amount in Rs. | |
|--|---------------------|---------------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Authorised 25,000,000 Equity Shares (Previous Year 25,000,000) Par Value of Rs.10/- per share | 25,00,00,000 | 25,00,00,000 |
| | 25,00,00,000 | 25,00,00,000 |
| Issued 21,050,100 Equity Shares (Previous Year 20,050,100) Par Value of Rs.10/- per share | 21,05,01,000 | 20,05,01,000 |
| | 21,05,01,000 | 20,05,01,000 |
| Subscribed and fully paid up 21,050,100 Equity Shares (Previous Year 20,050,100) Par Value of Rs.10/- per share fully paid up | 21,05,01,000 | 20,05,01,000 |
| Equity Shares Suspense Account (Note 35) | 6,28,50,000 | - |
| Total | 27,33,51,000 | 20,05,01,000 |

a Reconciliation of Number of Shares

| Particulars | As At | | | |
|---------------------------------------|--------------------|---------------------|--------------------|---------------------|
| | March 31, 2013 | | March 31, 2012 | |
| | No. of Shares | Amount in Rs. | No. of Shares | Amount in Rs. |
| Balance at the beginning of the year | 2,00,50,100 | 20,05,01,000 | 2,00,50,100 | 20,05,01,000 |
| Add: Shares issued during the year | 10,00,000 | 1,00,00,000 | - | - |
| Balance at the end of the year | 2,10,50,100 | 21,05,01,000 | 2,00,50,100 | 20,05,01,000 |

b Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash (during 5 years immediately preceding March 31, 2013)

20,000,000 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.

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.

d Shares held by Holding Company

| Particulars | As at | |
|--|----------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Holding Company - Arvind Brands and Retail Limited | 2,10,00,010 | 2,00,00,010 |

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

| Particulars | As at | |
|--|-----------------------|-----------------------|
| | March 31, 2013 | March 31, 2012 |
| Holding Company - Arvind Brands and Retail Limited | 2,10,00,010 99.76% | 2,00,00,010 99.75% |

f Shares reserved for issue under the Scheme of Arrangement

Refer Note 35 for details of shares to be issued under the Scheme of Arrangement

4 Reserves and Surplus

| Amount in Rs. | |
|----------------|----------------|
| As at | |
| March 31, 2013 | March 31, 2012 |

| | | |
|--|-----------------------|-----------------------|
| Securities Premium Account | | |
| Balance as per last financial statements | 1,20,00,00,000 | 1,20,00,00,000 |
| Add: Addition during the year | 49,00,00,000 | - |
| | 1,69,00,00,000 | 1,20,00,00,000 |
| Capital Reserve on Amalgamation | | |
| Addition during the year (Note 35) | 59,05,31,059 | - |
| Surplus in Statement of Profit and Loss | | |
| Balance as per last financial statements | 25,75,22,390 | 12,38,24,820 |
| Less: Adjustments on Amalgamation | | |
| Loss of Amalgamated Company (Note 35) | 19,18,36,565 | - |
| | 6,56,85,825 | 12,38,24,820 |
| Add : Profit/(Loss) for the year | (13,09,05,357) | 13,36,97,570 |
| Balance at the end of the year | (6,52,19,532) | 25,75,22,390 |
| Total | 2,21,53,11,527 | 1,45,75,22,390 |

auth.

3

| | Non- Current portion | | Amount in Rs. | |
|--|----------------------|---------------------|---------------------|--------------------|
| | As at | | Current Maturities | |
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| Secured | | | | |
| Term Loans : | | | | |
| From Banks | 49,63,10,656 | 53,03,17,208 | 17,25,00,000 | 4,60,00,000 |
| From Others | 95,07,679 | 57,70,634 | 69,02,768 | 27,69,832 |
| | 50,58,18,335 | 53,60,87,842 | 17,94,02,768 | 4,87,69,832 |
| Amount disclosed under the head "Other Current Liabilities" (Note 10) | | | | |
| Total | 50,58,18,335 | 53,60,87,842 | | |

a **Nature of Security**

I Term Loans from Banks are secured by:

i. Loan amounting to Rs. 544,905,158 First charge over the entire fixed assets and second charge over entire stock, receivables and other current assets of the Company both present and future. Loan amounting to Rs. 12,39,05,498 is secured against first charge on the specific assets acquired under the project.

ii. 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 | 66,88,10,656 | 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 | 1,64,10,447 | 9% to 11% | Repayable in 48 monthly installments from the date of release of respective loans |

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6 Deferred Tax Assets/Liabilities (Net)

| | Amount in Rs. | |
|--|---------------------|----------------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Deferred Tax Liability | | |
| Fixed Assets | 5,37,56,417 | 10,34,70,801 |
| Deferred Tax Asset | | |
| Expenditure allowable on payment basis | 3,55,89,909 | 1,32,66,429 |
| Unabsorbed loss/ Depreciation | 12,45,73,395 | - |
| Other timing differences | 5,37,096 | 5,42,312 |
| Deferred Tax Assets/Liabilities (Net) | 10,69,43,983 | (8,96,62,060) |

7 Other Long Term Liabilities

| | Amount in Rs. | |
|-------------------|--------------------|--------------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Security Deposits | 9,97,48,665 | 8,27,16,524 |
| Total | 9,97,48,665 | 8,27,16,524 |

*cents**B*

8 Short Term Borrowings

| | Amount in Rs. | |
|---|-----------------------|-----------------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Secured | | |
| Working Capital Loans repayable on demand From Banks | 2,04,81,32,157 | 1,30,40,93,039 |
| | 2,04,81,32,157 | 1,30,40,93,039 |
| Unsecured | | |
| Under Buyer's Credit Arrangement from Banks | 16,43,99,141 | - |
| Intercompany Deposits | | |
| From Related Parties | 68,34,09,189 | 20,50,17,205 |
| From Others | - | 5,68,75,000 |
| | 84,78,08,330 | 26,18,92,205 |
| Total | 2,89,59,40,487 | 1,56,59,85,244 |

a Nature of Security

Loans from banks are secured by:

- i. First charge over entire stocks, receivables and other current assets 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 2.5% to 3.5% above base rate.
- ii. Inter Corporate Deposits carry interest rates ranging from 12.25% to 13% per annum.

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- A small mark below it.
- A larger mark at the bottom left.

9 Trade Payables

| | Amount in Rs. | |
|---------------------------|-----------------------|-----------------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Sundry Creditors (Note a) | 3,64,50,66,222 | 1,33,90,12,887 |
| Acceptances | 75,63,06,432 | 42,65,63,848 |
| Total | 4,40,13,72,654 | 1,76,55,76,735 |

- 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, 2013 | March 31, 2012 |
| (a) Amount due and outstanding to suppliers as at the end of accounting year; | 28,44,44,752 | 15,35,89,319 |
| (b) Interest paid during the year; | - | - |
| (c) Interest payable at the end of the accounting year; | - | - |
| (d) Interest accrued and unpaid at the end of the accounting year | 31,96,082 | - |

10 Other Current Liabilities

| | Amount in Rs. | |
|--|---------------------|---------------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Current maturities of long-term borrowings (Note 5) | 17,94,02,768 | 4,87,69,832 |
| Interest accrued and due | 31,96,082 | - |
| Interest accrued but not due on borrowings | - | 41,449 |
| Advance from Customers | 18,93,84,336 | 12,92,78,548 |
| Statutory dues including Provident Fund and Tax deducted at Source | 11,48,03,525 | 7,46,98,131 |
| Payable in respect of Capital Goods | 2,90,19,287 | 1,24,79,676 |
| Book Overdraft | 51,04,018 | - |
| Others | 8,91,20,190 | 3,53,33,062 |
| Total | 61,00,30,206 | 30,06,00,698 |

cont.
13
B

11 Short Term Provisions

| | Amount in Rs. | |
|--|--------------------|--------------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Provision for Employee Benefits | | |
| Leave Encashment | 2,61,33,004 | 89,11,716 |
| Gratuity | 1,70,13,160 | 53,15,651 |
| Provision for Taxation (Net of Advance Tax of Rs.Nil, Previous year Rs. 71,247,500/-) | - | 54,87,313 |
| Provision for Wealth tax | 19,766 | 19,766 |
| Provision for Litigation/Disputes (Note a) | 2,81,24,552 | 2,81,24,552 |
| Provision for Customer Loyalty Program Reward Points (Note b) | 11,55,000 | - |
| Total | 7,24,45,482 | 4,78,58,998 |

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, 2013 | March 31, 2012 |
| Balance as per last financial statements | 2,81,24,552 | 2,81,24,552 |
| Balance at the end of the year | 2,81,24,552 | 2,81,24,552 |

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, 2013 | March 31, 2012 |
| Balance as per last financial statements | - | - |
| Add : Adjustment due to Amalgamation | 10,50,000 | - |
| Add : Provision made during the year | 11,55,000 | - |
| Less : Redeemed/Reversal made during the year | 10,50,000 | - |
| Balance at the end of the year | 11,55,000 | - |

cont.

12 Tangible Assets

| Particulars | Gross Block | | | | | | Depreciation / Amortization | | | | Net Block | | Amount in Rs. |
|----------------------------|------------------|--------------------------------|--------------|-------------|------------------|------------------|--------------------------------|--------------|-------------|------------------|------------------|------------------|---------------|
| | As on 01.04.2012 | Adjustment due to Amalgamation | Additions | Disposals | As on 31.03.2013 | As on 01.04.2012 | Adjustment due to Amalgamation | For the year | Deductions | As on 31.03.2013 | As on 31.03.2013 | As on 31.03.2012 | |
| | Own Assets | 8,13,25,590 | 17,94,80,773 | 7,85,77,876 | 73,89,937 | 33,19,94,302 | 70,89,861 | 2,81,98,953 | 5,02,88,542 | 13,35,672 | 8,42,41,684 | 24,77,52,618 | 7,42,35,729 |
| Plant and Equipments | 23,29,56,455 | 19,01,64,716 | 14,61,63,173 | 1,39,68,738 | 55,53,15,606 | 2,93,62,199 | 3,04,27,930 | 8,37,07,353 | 35,60,167 | 13,99,37,315 | 41,53,78,291 | 20,35,94,256 | |
| Furniture and Fixtures | 1,54,17,154 | 60,62,755 | 1,05,06,892 | 12,97,837 | 3,06,88,964 | 58,89,261 | 17,05,068 | 58,63,906 | 9,49,671 | 1,25,08,564 | 1,81,80,400 | 95,27,893 | |
| Vehicles | 1,81,54,203 | 4,06,67,998 | 1,98,34,970 | 7,75,639 | 7,78,81,532 | 21,49,121 | 75,41,212 | 1,24,75,105 | 1,44,868 | 2,20,20,570 | 5,58,60,962 | 1,60,05,082 | |
| Office Equipments | 50,20,19,669 | 41,59,04,199 | 39,79,95,088 | 1,59,37,660 | 1,29,99,81,296 | 11,83,88,041 | 6,13,90,105 | 17,30,78,642 | 49,92,276 | 34,78,64,512 | 95,21,16,784 | 38,36,31,628 | |
| Leasehold Improvements | 8,34,23,835 | 5,10,47,546 | 3,26,72,559 | 2,12,504 | 16,69,31,436 | 4,63,85,833 | 82,38,665 | 2,15,61,196 | 1,49,505 | 7,60,36,189 | 9,08,95,247 | 3,70,38,002 | |
| Data Processing Equipments | 93,32,96,906 | 88,33,27,987 | 68,57,50,558 | 3,95,82,315 | 2,46,27,93,136 | 20,92,64,316 | 13,75,01,933 | 34,69,74,744 | 1,11,32,159 | 68,26,08,834 | 1,78,01,84,302 | 72,40,32,590 | |
| Total | 69,28,53,219 | - | 25,30,53,493 | 1,26,09,806 | 93,32,96,906 | 12,81,29,263 | - | 8,29,50,237 | 18,25,184 | 20,92,64,316 | 72,40,32,590 | 56,47,13,956 | |
| Previous Year | | | | | | | | | | | | | |

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13 Intangible Assets

| Particular | Gross Block | | | | | Amortization | | | Net Block | | Amount in Rs. |
|----------------------|---------------------|-----------------------------------|--------------------|-----------|-----------------------|---------------------|-----------------------------------|---------------------|------------|---------------------|---------------------|
| | As on 01.04.2012 | Adjustment due to Amalgamation | Additions | Disposals | As on 31.03.2013 | As on 01.04.2012 | Adjustment due to Amalgamation | For the year | Deductions | As on 31.03.2013 | |
| License Brands | 64,09,57,210 | 17,67,20,712 | | | 64,09,57,210 | 8,95,66,388 | | 5,40,80,387 | | 14,36,46,775 | 55,13,90,822 |
| Brand Value | | | | | 17,67,20,712 | | 1,30,28,353 | 1,62,34,782 | | 2,92,63,135 | - |
| Computer Software | 4,23,20,082 | 5,00,44,430 | 2,86,18,426 | | 12,09,82,938 | 92,28,608 | 1,47,84,747 | 2,46,87,170 | | 4,87,00,525 | 3,30,91,474 |
| Jobworkers' Network | 1,72,95,984 | | | | 1,72,95,984 | 1,03,77,591 | | 34,59,197 | | 1,38,36,788 | 69,18,393 |
| Vendors' Network | 6,27,28,346 | | | | 6,27,28,346 | 3,76,37,007 | | 1,25,45,669 | | 5,01,82,676 | 2,50,91,339 |
| Distribution Network | | | 4,31,46,454 | | 4,31,46,454 | | | 50,33,753 | | 50,33,753 | - |
| Total | 76,33,01,622 | 22,67,65,142 | 7,17,64,880 | - | 1,06,18,31,644 | 14,68,09,594 | 2,78,13,100 | 11,60,40,958 | - | 29,06,63,652 | 61,64,92,028 |
| Previous Year | 74,14,44,130 | - | 2,18,57,492 | - | 76,33,01,622 | 8,51,70,412 | - | 6,16,39,182 | - | 14,68,09,594 | 65,62,73,718 |

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14 Non Current Investments

Amount in Rs.

As at

| Particulars | Face Value Per Share | No of Shares | As at | |
|--|-------------------------|-----------------|-----------------|---------------------|
| | | | March 31, 2013 | March 31, 2012 |
| Trade Investments (At Cost) | | | | |
| Investments in Government Trust Securities National Saving Certificates (Lodged with Sales Tax Authorities) | | | 1,54,200 | 1,54,200 |
| Investments in Equity Shares (Unquoted- Fully paid up) In fellow subsidiary Arvind Retail Limited (Sold during the year) | Rs. 10/- | 7,00,000 | - | 35,00,00,000 |
| Total | | | 1,54,200 | 35,01,54,200 |

| | | | |
|---|--|----------|--------------|
| a | Aggregate amount of quoted investments | - | - |
| | Market value of quoted Investments | - | - |
| | Aggregate amount of unquoted investments | 1,54,200 | 35,01,54,200 |

b Disclosure as per AS 13 - Accounting for Investments

| | | |
|-----------------------|-----------------|---------------------|
| Long Term Investments | 1,54,200 | 35,01,54,200 |
| Current Investments | - | - |
| Total | 1,54,200 | 35,01,54,200 |

15 Long Term Loans and Advances

(Unsecured, Considered good unless otherwise stated)

Amount in Rs.

As at

March 31, 2013 | March 31, 2012

| | | |
|---|-----------------------|---------------------|
| Capital Advances | 6,29,24,868 | 3,08,25,208 |
| Security Deposits | 95,14,44,178 | 42,56,34,544 |
| Advance Tax (Net of Provision of Rs. 21,125,801, Previous year Rs. Nil) | 6,95,97,462 | - |
| MAT Credit Entitlement | 3,50,00,000 | 3,82,00,000 |
| Total | 1,11,89,66,508 | 49,46,59,752 |

cc: [unclear]

| 16 Other Assets | Amount in Rs. | | | |
|-------------------------------------|------------------|----------------|--------------------|------------------|
| | Non Current | | Current | |
| | As at | | As at | |
| | March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |
| Non Current Bank Balances (Note 19) | 13,96,923 | - | - | - |
| Duty Drawback Receivable | - | - | 1,18,80,662 | 77,98,607 |
| Interest Accrued | - | - | 20,71,385 | 3,60,326 |
| Insurance Claim Receivable | - | - | 4,09,253 | - |
| Total | 13,96,923 | - | 1,43,61,300 | 81,58,933 |

| 17 Inventories | Amount in Rs. | |
|---------------------------|-----------------------|-----------------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Fabric and Accessories | 8,69,13,127 | 12,20,12,606 |
| Fabric Stock in Transit | 82,48,677 | 64,81,092 |
| Finished Goods | - | 46,77,47,955 |
| Stock-in-trade | 2,99,26,84,513 | 78,79,29,825 |
| Stock-in-trade in Transit | 5,60,80,146 | 92,87,318 |
| Packing Materials | 8,09,65,669 | 33,38,067 |
| Total | 3,22,48,92,132 | 1,39,67,96,863 |

| a Details of Inventory | Amount in Rs. | |
|--------------------------------------|-----------------------|---------------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Finished Goods (Manufactured) | | |
| Garments | - | 46,77,47,955 |
| Total | - | 46,77,47,955 |
| Stock-in-trade | | |
| Garments | 2,99,26,84,513 | 78,79,29,825 |
| Total | 2,99,26,84,513 | 78,79,29,825 |

18 Trade Receivables
(Unsecured, considered good unless otherwise stated)

| Amount in Rs. | |
|----------------|----------------|
| As at | |
| March 31, 2013 | March 31, 2012 |

| | | |
|--|-----------------------|-----------------------|
| Outstanding for a period exceeding six months from the date they are due for payment | 34,99,90,769 | 11,35,36,094 |
| Others | 2,93,44,97,306 | 2,07,15,30,341 |
| Total | 3,28,44,88,075 | 2,18,50,66,435 |

19 Cash and Bank Balances

| Non Current | | Current | |
|----------------|----------------|----------------|----------------|
| As At | | As At | |
| March 31, 2013 | March 31, 2012 | March 31, 2013 | March 31, 2012 |

| | | | | |
|--|------------------|---|---------------------|--------------------|
| Cash and Cash Equivalents: | | | | |
| Cash on Hand | | | 12,637 | 48,711 |
| Balances with Banks | | | | |
| In Current Account | | | 11,37,56,340 | 4,00,78,627 |
| In Deposit Account (with original maturity up to 3 months) | | | 1,38,69,094 | 1,00,00,000 |
| | - | - | 12,76,38,071 | 5,01,27,338 |
| Other Bank Balances: | | | | |
| In Deposits Accounts | | | | |
| With original maturity more than 3 months but less than 12 months | | | 8,92,123 | - |
| Held as Margin Money (Under lien with bank as Security for Guarantee Facility) | 13,00,391 | - | 10,21,19,222 | 2,80,35,990 |
| Lodged with Sales Tax Department | 96,532 | - | 10,140 | - |
| | 13,96,923 | | 10,30,21,485 | 2,80,35,990 |
| Amount disclosed under the head "Other Non Current Assets" (Note 16) | 13,96,923 | - | | |
| Total | - | - | 23,06,59,556 | 7,81,63,328 |

cont

7

20 Short Term Loans and Advances
(Unsecured, Considered good unless otherwise stated)

| | Amount in Rs. | |
|---|---------------------|---------------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Loans to Employees | 27,46,708 | 6,58,293 |
| Advances recoverable in cash or in kind or for value to be received | 41,93,85,333 | 12,76,17,221 |
| Prepaid Expenses | 10,01,15,520 | 6,38,90,549 |
| Total | 52,22,47,561 | 19,21,66,063 |

21 Contingent Liabilities
(to the extent not provided for)

| | Amount in Rs. | |
|--|----------------|----------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Claims against the Company not acknowledged as debts | 83,56,658 | 2,02,66,443 |
| Disputed Demands in respect of | | |
| Sales Tax | 2,35,59,848 | 1,60,59,766 |
| Excise Duty | 41,53,856 | 41,53,856 |
| Textile Committee Cess | 10,94,000 | 10,94,000 |

- a It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.

22 Capital and Other Commitments

| | Amount in Rs. | |
|--|----------------|----------------|
| | As at | |
| | March 31, 2013 | March 31, 2012 |
| Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 5,08,94,428 | 2,33,16,198 |
| Other Commitments | - | - |

16
B

23 Revenue from Operations

| | Amount in Rs. | |
|--|------------------------|-----------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Sale of Products | | |
| Own Merchandise (Including concession sales) | 13,11,97,15,771 | 6,85,37,41,521 |
| Consignment Merchandise | 37,01,46,235 | - |
| | 13,48,98,62,006 | 6,85,37,41,521 |
| Less : Value Added Tax | 51,75,15,368 | 15,99,94,571 |
| Less : Cost of Consignment Merchandise | 26,55,68,304 | - |
| | 12,70,67,78,334 | 6,69,37,46,950 |
| Other operating revenues | | |
| Commission Income | 10,14,99,425 | 1,15,23,872 |
| Royalty Income | 3,33,35,472 | 3,72,15,885 |
| Duty Drawback Income | 99,65,843 | 1,23,39,372 |
| Others | 31,36,282 | 6,06,794 |
| Total | 12,85,47,15,356 | 6,75,54,32,873 |

a Details of Sales (Net of VAT)

| | Amount in Rs. | |
|--------------|------------------------|-----------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Garments | 12,68,61,13,728 | 6,63,17,59,303 |
| Others | 2,06,64,606 | 6,19,87,647 |
| Total | 12,70,67,78,334 | 6,69,37,46,950 |

24 Other Income

| | Amount in Rs. | |
|--|--------------------|--------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Interest Income | 1,18,60,188 | 3,85,86,871 |
| Net gain on foreign currency transaction | - | - |
| Profit on sale of fixed Assets | 1,66,666 | - |
| Excess provision no longer required | 2,55,47,421 | - |
| Insurance Claim | 1,63,94,468 | - |
| Miscellaneous Income | 3,19,54,894 | 37,71,076 |
| Total | 8,59,23,637 | 4,23,57,947 |

25 Cost of Materials Consumed

(a) Consumption of Raw Materials

| | Amount in Rs. | |
|------------------------|--------------------|---------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Fabrics | 93,66,235 | 26,92,91,841 |
| Accessories and Others | 7,71,32,325 | 14,86,82,045 |
| Total | 8,64,98,560 | 41,79,73,886 |

(b) Value of imported and indigenous materials consumed

| | Raw Materials | |
|------------------|--------------------|---------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Imported (Rs.) | 38,720 | 27,79,663 |
| (%) | 0.04% | 0.67% |
| Indigenous (Rs.) | 8,64,59,840 | 41,51,94,223 |
| (%) | 99.96% | 99.33% |
| Total | 8,64,98,560 | 41,79,73,886 |

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B

26 Purchase of Stock-in-Trade

| | Amount in Rs. | |
|--------------|-----------------------|-----------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Garments | 6,99,58,79,998 | 2,79,71,97,878 |
| Total | 6,99,58,79,998 | 2,79,71,97,878 |

27 Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade

| | Amount in Rs. | |
|---------------------------------------|-----------------------|-----------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| (Increase)/Decrease in stocks | | |
| Stock at the end of the year | | |
| Finished Goods | - | 46,77,47,955 |
| Stock-in-trade | 2,99,26,84,513 | 78,79,29,825 |
| | 2,99,26,84,513 | 1,25,56,77,780 |
| Stock at the beginning of the year | | |
| Finished Goods | 46,77,47,955 | 29,12,97,557 |
| Work-In-Progress | - | 6,36,77,095 |
| Stock-in-trade | 78,79,29,825 | 71,10,76,763 |
| | 1,25,56,77,780 | 1,06,60,51,415 |
| Adjustment on account of Amalgamation | | |
| Stock-In-trade | 1,13,16,94,866 | - |
| (Increase)/Decrease in stocks | (60,53,11,867) | (18,96,26,365) |

28 Employee Benefits Expense

| | Amount in Rs. | |
|--|---------------------|---------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Salaries and Wages | 76,28,17,750 | 26,74,27,740 |
| Contribution to Provident Fund and Other Funds | 5,91,76,718 | 1,51,35,704 |
| Staff Welfare Expenses | 4,99,67,866 | 1,92,18,367 |
| Total | 87,19,62,334 | 30,17,81,811 |

Disclosure as required by Accounting Standard on Employee Benefits (AS 15 Revised 2005) notified by Companies (Accounting Standards) Rules, 2006:

(i) Defined Contribution Plans

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

| | Amount in Rs. | |
|---------------------|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Provident Fund | 1,89,14,173 | 67,83,008 |
| Superannuation Fund | 21,80,893 | 6,49,767 |

(ii) State Plans

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

| | Amount in Rs. | |
|----------------------------|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Employee's State Insurance | 93,40,988 | 1,65,921 |
| Employee's Pension Scheme | 1,47,71,095 | 26,59,909 |

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(iii) Defined Benefit Plans

(a) Leave Encashment/Compensated Absences

Salaries and Wages Includes Rs. 18,111,948 (Rs. 4,550,887) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

(b) Contribution to Gratuity Funds

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

| | Amount in Rs. | |
|--|--------------------|-------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Change in the Benefit Obligations : | | |
| Liability at the beginning of the year | 1,63,43,562 | 64,22,357 |
| Interest Cost | 13,30,631 | 5,45,900 |
| Current Service Cost | 63,71,465 | 39,70,116 |
| Benefits Paid | (4,29,411) | (13,26,989) |
| Actuarial Loss/(Gain) | (1,79,103) | (13,96,899) |
| Liability at the end of the year | 2,34,37,144 | 82,14,485 |
| Fair Value of Plan Assets : | | |
| Fair Value of Plan Assets at the beginning of the year | 63,41,982 | 26,70,950 |
| Expected Return on Plan Assets | 4,90,182 | 2,27,031 |
| Contributions | - | 19,78,265 |
| Benefits Paid | (4,29,411) | (13,26,989) |
| Actuarial gain/(loss) on Plan Assets | 21,230 | (6,50,422) |
| Other Adjustment | | |
| Fair Value on Plan Assets at the end of the year | 64,23,983 | 28,98,835 |
| Total Actuarial (Loss) /Gain to be recognized | 2,00,333 | 7,46,477 |
| Actual Return on Plan Assets : | | |
| Expected Return on Plan Assets | 4,90,182 | 2,27,031 |
| Actuarial gain/(loss) on Plan Assets | 21,230 | (6,50,422) |
| Actual Return on Plan Assets | 5,11,412 | (4,23,391) |
| Amount Recognized in the Balance Sheet : | | |
| Liability at the end of the year | 2,34,37,144 | 82,14,485 |
| Fair Value of Plan Assets at the end of the year | 64,23,983 | 28,98,835 |
| Amount recognized in the Balance Sheet under " Provision for Employee Benefits " | 1,70,13,161 | 53,15,650 |
| Expense Recognized in Statement of Profit and Loss : | | |
| Interest Cost | 13,30,631 | 5,45,900 |
| Current Service Cost | 63,71,465 | 39,70,116 |
| Expected Return on Plan Assets | (4,90,182) | (2,27,031) |
| Net Actuarial loss/(gain) to be recognized | (2,00,333) | (7,46,477) |
| Expense recognized in Statement of Profit and Loss under "Employee Benefit Expense" | 70,11,581 | 35,42,508 |
| Reconciliation of the Liability Recognized in the Balance Sheet : | | |
| Opening Net Liability | 1,00,01,580 | 37,51,407 |
| Expense Recognized | 70,11,581 | 35,42,508 |
| Contribution by the Company | - | (19,78,265) |
| Amount recognized in the Balance Sheet under " Provision for Employee Benefits " | 1,70,13,161 | 53,15,650 |

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:

| | Year ended | |
|---------------------------|----------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Discount Rate (%) | 8.25 | 8.50 |
| Return on Plan Assets (%) | 8.00 | 8.50 |

29 Finance Costs

| | Amount in Rs. | |
|--|---------------------|---------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Interest | | |
| On Term Loans | 9,47,88,744 | 3,80,02,925 |
| On Cash Credit Facilities | 17,83,38,658 | 3,78,49,775 |
| Others | 13,60,54,774 | 15,89,15,304 |
| Exchange Difference to the extent considered as an adjustment to Borrowing Costs | 29,98,624 | - |
| Other Borrowing Costs | 7,12,73,994 | 2,52,49,111 |
| Total | 48,34,54,794 | 26,00,17,115 |

30 Depreciation / Amortization Expense

| | Amount in Rs. | |
|-----------------------------------|---------------------|---------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Depreciation on Tangible assets | 34,69,74,744 | 8,29,50,237 |
| Amortization on Intangible assets | 11,60,40,958 | 6,16,39,182 |
| Total | 46,30,15,702 | 14,45,89,419 |

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31 Other Expenses

| | Amount in Rs. | |
|---|-----------------------|-----------------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Power and fuel | 20,40,42,344 | 3,56,53,922 |
| Insurance | 72,84,794 | 22,50,632 |
| Processing Charges | 1,82,13,531 | 9,44,79,007 |
| Printing, Stationary & Communication | 5,47,59,734 | 2,25,34,915 |
| Rent | 1,04,73,07,795 | 40,50,81,032 |
| Commission, Brokerage and Discounts | 62,08,82,782 | 53,44,55,425 |
| Rates and taxes | 6,44,04,675 | 3,51,14,020 |
| Repairs to Buildings | 81,24,070 | 58,24,034 |
| Repairs to Others | 22,95,59,035 | 5,91,20,221 |
| Royalty on Sales | 26,22,72,817 | 17,86,61,396 |
| Freight, Insurance and Clearing Charges | 11,08,94,177 | 7,05,83,224 |
| Octroi | 7,48,15,820 | 5,35,16,452 |
| Excise Duty borne by Company | 50,57,71,893 | 50,52,11,762 |
| Legal and Professional Fees | 3,24,68,480 | 1,98,62,585 |
| Housekeeping Charges | 3,43,49,397 | 1,09,92,677 |
| Security Charges | 5,23,89,667 | 1,22,57,182 |
| Computer Expenses | 2,38,47,214 | 73,04,558 |
| Conveyance and Travelling Expenses | 9,56,12,286 | 5,01,88,873 |
| Advertisement and Publicity | 62,42,34,832 | 32,75,66,764 |
| Design Fees | 88,39,738 | 1,00,36,595 |
| Sales Promotion | 1,42,10,492 | 30,71,004 |
| Charges for Credit Card Transactions | 6,00,33,214 | 1,36,00,219 |
| Packing Materials | 6,00,85,068 | 3,41,92,622 |
| Contract Labour Charges | 36,08,87,317 | 22,89,27,023 |
| Sampling and Testing Expenses | 7,90,95,834 | 5,24,44,753 |
| Sundry Debits written off | 1,89,157 | 11,18,902 |
| Payments to the auditor as | | |
| (a) Auditor | 30,00,000 | 14,58,022 |
| (b) For taxation matters | 6,00,000 | 2,48,175 |
| (c) For reimbursement of expenses | 80,000 | 93,803 |
| (d) Certification Work | 64,000 | - |
| Fixed Assets written off | 2,84,50,154 | 88,697 |
| Business Conducting Fees | 53,07,472 | 6,50,118 |
| Foreign Exchange Loss | 1,14,74,800 | 21,70,710 |
| Warehouse Charges | 6,42,61,634 | 4,37,69,451 |
| Staff Training and Recruitment Expense | 2,92,87,808 | 1,97,12,131 |
| Miscellaneous expenses | 4,02,09,574 | 2,28,29,865 |
| Total | 4,83,73,11,605 | 2,86,50,70,771 |

32 CIF Value of Imports

| | Amount in Rs. | |
|----------------|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Finished Goods | 69,42,79,917 | 16,50,68,208 |
| Fabric | 56,33,450 | 1,63,28,612 |
| Accessories | 48,06,351 | 1,41,24,591 |
| Capital Goods | 2,71,096 | - |

33 Expenditure in Foreign Currency

| | Amount in Rs. | |
|--|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Royalty | 25,88,61,072 | 14,00,55,829 |
| Rent | 1,89,32,350 | 1,77,89,334 |
| Travel | 1,15,04,244 | 65,40,370 |
| Design Fees | 1,05,40,810 | 1,03,39,901 |
| Advertisement and Sales Promotion Expenses | 71,39,648 | 63,69,786 |
| Professional and Consultation Fees | 65,77,007 | 6,70,529 |
| Other Matters | 32,02,996 | 1,01,20,744 |

34 Earning in Foreign Currency

| | Amount in Rs. | |
|-----------------------------------|----------------|----------------|
| | Year ended | |
| | March 31, 2013 | March 31, 2012 |
| Revenue from Exports on FOB Basis | 19,03,91,949 | 23,59,36,656 |

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35 Business Purchase

A Scheme of Arrangement

i A Composite Scheme of Arrangement ("the Scheme") between Arvind Lifestyle Brands Limited ("the Company") and Arvind Retail Limited ("ARL") under Sections 391 to 394 of the Companies Act, 1956 for amalgamation of ARL with the Company has been sanctioned by the High Court of Gujarat at Ahmedabad on 18th April 2013. The Scheme has become effective from the appointed date 1st April, 2011.

ii Pursuant to the Scheme:

- a. ARL has been amalgamated with the Company with effect from 1st April 2011, (the appointed date).
- b. The amalgamation has been accounted for under the "purchase method". Accordingly, as on appointed date, all the assets of ARL have been taken at their fair value and all the liabilities including the contingent liabilities have been accounted for on the basis of accrual and certainty as decided by the management.
- c. Upon the scheme becoming effective, the interse amounts of loans, advances, other current account balances of ARL with the Company and investment in ARL have been treated as cancelled.
- d. As consideration for the amalgamation, the Company has subsequent to the date of the balance sheet issued and allotted 6,285,000 Equity Shares of Rs. 10/- each fully paid up in the ratio of 3 (Three) Equity Share of Rs. 10/- each for every 10 (Ten) Equity Shares of Rs. 10/- each of ARL in the Capital of the Company to the members of ARL which are shown under 'Equity Share Suspense Account' as on Balance Sheet date.
- e. The difference between the value of assets and liabilities taken over amounting to Rs. 590,531,059 has been credited to "Capital Reserve on Amalgamation" under Reserves and Surplus.

B Acquisition of New Brands

During the year, the Company has acquired the business of procurement, marketing and management of the distribution and sale of products under the brand names of "Next", "Nautica" and "Debenhams" in India as a going concern for a lump sum consideration. The Company has acquired Fixed Assets, Stocks and Intangible Asset in the form of Distribution Network which are accounted at fair value as determined by the management/independent chartered accountant.

36 Change in Accounting Estimate

The management has changed the estimated useful lives of certain fixed assets. Depreciation is provided on a pro-rata basis on the straight line method over the estimated useful lives or the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher, as follows:

| Assets | Rates |
|------------------------|-------|
| Plant & Equipments | 15% |
| Leasehold Improvements | 15% |
| Furniture & Fixtures | 15% |
| Office Equipments | 15% |

Due to such change in the estimate, additional depreciation of Rs. 76,131,349/- has been charged to Statement of Profit and Loss.

40 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 and Nature of Relationship:

| | |
|--|---|
| Arvind Limited | Ultimate Holding Company |
| Arvind Brands and Retail Limited | Holding Company |
| Asman Investment Limited | Fellow Subsidiary |
| Arvind Accel Limited | Fellow Subsidiary |
| Arvind Retail Limited | Fellow Subsidiary |
| Tommy Hilfiger Arvind Fashions Private Limited | Joint Venture of Ultimate Holding Company |
| 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, 2013 | March 31, 2012 |
| Purchase of Goods | | |
| Arvind Limited | 33,37,82,570 | 33,74,36,601 |
| Arvind Retail Limited | - | 1,03,07,635 |
| Sale of Goods | | |
| Arvind Limited | 8,31,87,991 | 4,21,02,506 |
| Asman Investments Limited | 48,61,919 | 54,77,158 |
| Arvind Retail Limited | - | 36,79,85,631 |
| Other Expenses | | |
| Arvind Limited | - | 6,073 |
| Arvind Accel Limited | 2,20,600 | - |
| Asman Investments Limited | 1,20,000 | - |
| Arvind Retail Limited | - | 2,92,17,813 |
| Tommy Hilfiger Arvind Fashions Private Limited | - | 9,93,783 |
| Other Income | | |
| Asman Investments Limited | - | 5,00,000 |
| Loan Taken (Net) | | |
| Arvind Limited | 40,95,26,611 | 14,12,21,896 |
| Aura Securities Private Limited | - | 1,00,00,000 |
| Loan Repaid | | |
| Aura Securities Private Limited | 1,00,00,000 | - |
| Interest Expense | | |
| Arvind Limited | 11,16,87,346 | 4,42,72,045 |
| Aura Securities Private Limited | 7,736 | - |
| Issue of Equity Shares | | |
| Arvind Brands and Retail Limited | 50,00,00,000 | - |
| Receivable in respect of Current Assets | | |
| Arvind Limited | 3,66,54,517 | 1,27,25,324 |
| Arvind Retail Limited | - | 22,56,51,487 |
| Payable in respect of Loan | | |
| Arvind Limited | 68,34,09,189 | 19,50,17,205 |
| Aura Securities Private Limited | 6,962 | 1,00,00,000 |
| Payable in respect of Current Liabilities | | |
| Arvind Limited | 62,17,00,808 | 23,01,98,403 |
| Asman Investments Limited | 1,37,600 | 20,000 |
| Arvind Retail Limited | - | 5,92,257 |

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41 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, 2013 | | As at 31st March, 2012 | |
|--|------------------------|---------------|------------------------|---------------|
| | In FC | Amount in Rs. | In FC | Amount in Rs. |
| Payable towards royalty | USD 14,53,567 | 7,89,06,887 | USD 10,27,178 | 6,05,22,219 |
| | SEK 2,92,255 | 24,34,486 | SEK 3,64,968 | 32,47,302 |
| | USD 16,605 | 11,53,990 | - | - |
| Payable for purchase of merchandise | USD 46,45,511 | 25,21,81,565 | USD 4,16,169 | 2,11,72,596 |
| | GBP 2,54,465 | 2,09,24,021 | - | - |
| | EUR 2,240 | 1,55,669 | EUR 3,268 | 2,21,817 |
| Receivable on sale of Merchandise | USD 8,29,944 | 4,50,53,524 | USD 8,41,182 | 4,27,95,119 |
| Payable towards Foreign Currency Loans | USD 36,47,770 | 19,80,19,178 | USD 10,47,964 | 5,33,15,182 |
| | GBP 87,058 | 71,58,579 | - | - |

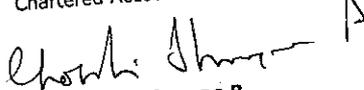
42 Receivables, Payables and Loans and Advances include certain accounts which are subject to confirmation/reconciliation and consequential adjustments if any, the effect of which is not ascertainable.

43 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.

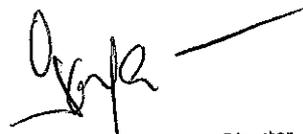
44 Previous year's figures have been regrouped wherever necessary and are not comparable with those of current year as current year figures include figures of Arvind Retail Limited which was amalgamated with the Company under the Scheme of Arrangement.

As per our Report of even date

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


CA Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
May 16, 2013


Director


Director
Company Secretary