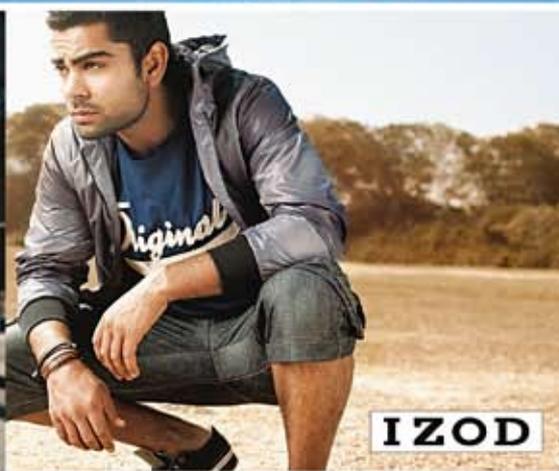


Annual Report 2011 - 2012



ARVIND LIMITED
Enriching Lifestyles...

Directors

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

Company Secretary

Mr. R.V. Bhimani

Bankers

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

Auditors

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

Registered Office

Naroda Road
Ahmedabad - 380025
Gujarat, India.

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REGISTRARS AND TRANSFER AGENTS

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

Notice

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Friday, the 28th September, 2012 at 10:00 a.m. at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad- 380 006 to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements of Accounts for the financial year ended on 31st March, 2012 and the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Mr. Jayesh Shah, who retires by rotation in terms of Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Munesh Khanna, who retires by rotation in terms of Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. To appoint auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board to fix their remuneration.

SPECIAL BUSINESS

6. To consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

RESOLVED that Mr. Punit Lalbhai, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director U/s. 257 of the Companies Act, 1956, being eligible for appointment to the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.

7. To consider, and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

RESOLVED that Mr. Kulin Lalbhai, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director U/s. 257 of the Companies Act, 1956, being eligible for appointment to the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the terms of appointment of Mr. Punit Lalbhai as an Executive Director of the Company for a period from 1st August, 2012 to 31st July, 2017 on the terms and conditions as set out in the draft agreement of the appointment submitted to the meeting and initialed by the Chairman for identification and that he be paid remuneration by way of salary, perquisites, allowances and commission as approved by the Board of Directors of the Company and the Remuneration Committee and as set out in the Explanatory Statement annexed hereto.

RESOLVED FURTHER THAT the Board of Directors and the Remuneration Committee be and are hereby severally authorized to alter, amend, vary, enhance or modify the scope and quantum of remuneration of Mr. Punit Lalbhai as they may deem proper from time to time considering the nature and scope of his activities as shall be

permissible and in conformity with applicable provisions of the Companies Act, 1956.

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the terms of appointment of Mr. Kulin Lalbhai as an Executive Director of the Company for a period from 1st August, 2012 to 31st July, 2017 on the terms and conditions as set out in the draft agreement of the appointment submitted to the meeting and initialed by the Chairman for identification and that he be paid remuneration by way of salary, perquisites, allowances and commission as approved by the Board of Directors of the Company and the Remuneration Committee and as set out in the Explanatory Statement annexed hereto.

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

10. To consider, and if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the terms of reappointment of Mr. Sanjay S. Lalbhai as Chairman & Managing Director of the Company for a further period commencing from 1st January, 2013 to 31st March, 2017 on the terms and conditions as set out in the draft agreement of the reappointment submitted to the meeting and initialed by the Chairman for identification and that he be paid remuneration by way of salary, perquisites, allowances and commission as approved by the Board of Directors of the Company and the Remuneration Committee and as set out in the Explanatory Statement annexed hereto.

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

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

RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 and the rules made thereunder from time to time, consent of the Company be and the same is hereby accorded to the appointment of Mr. Darshil Shah, son of Mr. Jayesh K. Shah, the Director & Chief Financial Officer of the Company, as Manager - Business Development in Arvind Infrastructure Limited (AIL) a Subsidiary of the Company with effect from 1st April, 2012, on the following remuneration:

Basic Salary: ₹ 17,150 per month in the scale of ₹ 17,150 to ₹ 1,50,000 with such annual increments as may be decided by the management of AIL.

Perquisites: In addition to the salary, Mr. Darshil Shah will be entitled to the allowances and perquisites of ₹ 31,850 to ₹ 2,60,000 per month as per the rules of the AIL.

RESOLVED FURTHER THAT consent of the Company be and is hereby accorded for Mr. Darshil Shah being a relative (son) of Mr. Jayesh K. Shah, Director & Chief Financial Officer of the Company to hold an office or place of profit in AIL, a Subsidiary of the Company as above.

RESOLVED FURTHER THAT the Board of Directors of the Company (the term 'Board' includes any Committee thereof) be and is hereby authorized to do all such acts, deeds and things as may be expedient, necessary and desirable for the purpose of giving effect to the above resolution.

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

Registered Office:
Naroda Road
Ahmedabad-380025

By Order of the Board

SANJAY S. LALBHAI
CHAIRMAN & MANAGING DIRECTOR

Date: 26th July, 2012

NOTES

1. Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends up to the financial year ended 31st March, 1998 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. The Company did not declare any dividends on equity shares for the financial years 1998-1999 to 2003-2004. On 10th October, 2012, unclaimed dividends for the financial year 2004-05 will be due for transfer to this fund. Those members who have so far not encashed their dividend warrants for the financial year 2004-05 are requested to approach the Company for payment thereof. Kindly note that once unclaimed / unpaid dividend is transferred to the Investor Education and Protection Fund, members will not be entitled to claim such dividend.
3. Members are requested to notify promptly any change in their addresses to our Registrar and Transfer Agent viz. Sharepro Services (India) Pvt. Ltd., Unit: Arvind Limited, 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 15th September, 2012 to Friday, the 28th September, 2012 (both days inclusive).
5. The dividend on equity shares for the year ended on 31st March, 2012, if declared at this meeting, will be paid:
 - (a) to those members, holding shares in physical form, whose names appear on the register of Members of the Company, at the close of business hours on Friday, the 28th September, 2012, after giving effect to all valid transfers in physical form lodged with the Company on or before Friday, the 14th September, 2012.
 - (b) In respect of shares held in electronic form, on the basis of beneficial ownership, as per the details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), at the close of business hours on Friday, the 14th September, 2012.
6. Documents referred to in the Explanatory Statement attached hereto are available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day.
7. Members are requested to bring their copies of the Annual Report to the meeting. The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the meeting.
8. Shareholders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.

Registered Office:
Naroda Road
Ahmedabad-380025

By Order of the Board

SANJAY S. LALBHAI
CHAIRMAN & MANAGING DIRECTOR

Date: 26th July, 2012

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

Item Nos. 6 & 7

The Board of Directors of the Company at their meeting held on 26th July, 2012 appointed Mr. Punit Lalbhai and Mr. Kulin Lalbhai as Additional Directors of the Company. The said appointments were in pursuance of the provisions of Section 260 of the Companies Act, 1956 and accordingly the said Directors hold office upto the date of this Annual General Meeting. The Company has received notices in writing alongwith the necessary amounts as deposits from members signifying their intention to propose their candidatures for the office of the Director, in terms of Section 257 of the Companies Act, 1956.

The result of years of good upbringing and coupled with a highly meritorious track record of educational and business success at a young age, has prepared both Mr. Punit Lalbhai and Mr. Kulin Lalbhai, to face increasingly complex business world independently and carve out a niche for themselves in their chosen fields.

Mr. Punit Lalbhai is an MBA from INSEAD (France) specializing in Strategy and General Management, along with Post-Graduate degree in Masters of Environmental Science from Yale University, and a Bachelors degree in Science (Conservation Biology) from University of California, USA. He has several awards and honors during his career including Research Grants, Presidential Fellowship Grant, J.M. Long-Endowed Scholarship and inclusion in Dean's Lists for consistent Academic Excellence. He is passionate about nature conservation and sustainability and is currently serving as a Board Member for Sustainable Apparel Coalition, Council Member for Better Cotton Initiative (Geneva) and Member of CII for Family Business Network.

Mr. Kulin Lalbhai is an MBA from Harvard Business School (USA) along with a Bachelors degree in Science (Electrical Engineering) from Stanford University, USA. He has held several leadership positions during his academic role including serving as Co-President of Family Business Club at Harvard, Associate Director for Stanford Asia Technology Initiative and also serving as Conference Co-Chair for the Harvard-India Conference. He is passionate about Retail Industry and B2C businesses and has researched extensively on Disruptive Business Models and Online space.

In view of the above, Mr. Punit Lalbhai and Mr. Kulin Lalbhai will bring together their tremendous experience to create value for the Company.

The details of Directorships, Memberships/Chairpersonships of Committees of other Companies held by Mr. Punit Lalbhai and Mr. Kulin Lalbhai are as under:

| Name of Director | Directorships held in other Companies | Memberships/ Chairpersonships of Committees of other Companies |
|-------------------|---|--|
| Mr. Punit Lalbhai | 1. Arvind PD Composites Private Limited 2. Arvind Accel Limited 3. Arvind Envisol Private Limited | None |
| Mr. Kulin Lalbhai | None | None |

Mr. Punit Lalbhai is holding 3714 shares and Mr. Kulin Lalbhai is holding NIL shares of the Company and both are the sons of Mr. Sanjay S. Lalbhai, Chairman and Managing Director of the Company.

The Board commends the resolutions at Item Nos. 6 & 7 for approval of members. Mr. Sanjay S. Lalbhai, Mr. Punit Lalbhai and Mr. Kulin Lalbhai may be deemed to be concerned or interested in the said resolutions relating to appointments. No other Directors are in any manner concerned or interested in the said resolutions.

Item Nos. 8 & 9

Resolutions under Item Nos. 8 & 9 of the Notice relate to the appointments of Mr. Punit Lalbhai and Mr. Kulin Lalbhai as Executive Directors of the Company for a period commencing from 1st August, 2012 to 31st July, 2017 and approval of their remuneration and terms of appointments.

The Remuneration Committee, at its meeting held on 26th July 2012, had recommended the appointments of Mr. Punit Lalbhai and Mr. Kulin Lalbhai as Executive Directors and terms of remuneration payable to them for a period commencing from 1st August, 2012 to 31st July, 2017. The Board of Directors, at their meeting held on 26th July, 2012 had approved the same. The Remuneration Committee and the Board of Directors of the Company are of the opinion that they are fit and proper persons to hold the said office and their appointments will be in the interest of the Company.

The material terms of remuneration of Mr. Punit Lalbhai effective from 1st August, 2012 to 31st July, 2017 as approved by both Remuneration Committee and Board of Directors in their respective meetings held on 26th July, 2012 are as under:

Remuneration:

(a) Basic Salary:

₹1,25,000 (Rupees one lac twenty five thousand) per month with such increments as may be decided by the Remuneration Committee and the Board of Directors from time to time, but subject to maximum salary of ₹5,00,000 (Rupees five Lacs) per month.

(b) Perquisites and Allowances:

In addition to salary, the following perquisites / allowances shall be allowed to the Executive Director.

CATEGORY – A

i) Housing:

The Company shall provide furnished accommodation to the Executive Director. If the Executive Director is having his own accommodation, the Company shall pay house rent allowance at the rate of 40% of the Basic Salary.

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

ii) Leave Travel Concession:

The Company shall provide leave travel fare for the Executive Director and his family once in a year.

iii) Other Allowances:

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

iv) Personal Accident Insurance:

The Company shall pay / reimburse Personal Accident Insurance Premium upto ₹ 25000/- for the Executive Director.

v) Club Fees:

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

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

vi) Medical Reimbursement:

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

CATEGORY – B

i) The Company shall contribute towards Provident Fund/Superannuation Fund/ Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.

ii) The Company shall pay Gratuity as per rules of the Company.

iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The above shall not be included in the computation of ceiling on remuneration or perquisites aforesaid.

CATEGORY – C

i) The Company shall provide car(s) with driver at the entire cost of the Company for use on Company's business and the same will not be considered as perquisites.

ii) The Company shall provide telephone and other communication facilities at the residence of the Executive Director at the entire cost of the Company.

CATEGORY – D

The Executive Director shall be entitled to Performance Linked Variable Pay / Special Allowance/ Role Award / Bonus / Commission on profits or in any other form as the Remuneration Committee and the Board of Directors may determine from time to time within the overall limit of 5% of net profit and the overall limits of remuneration prescribed under Sections 198 and 309 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956.

The material terms of remuneration of Mr. Kulin Lalbhai effective from 1st August, 2012 to 31st July, 2017 as approved by both Remuneration Committee and Board of Directors in their respective meetings held on 26th July, 2012 are as under:

Remuneration:

(a) Basic Salary:

₹1,25,000 (Rupees one lac twenty five thousand) per month with such increments as may be decided by the Remuneration Committee and the Board of Directors from time to time, but subject to maximum salary of ₹5,00,000 (Rupees five Lacs) per month.

(b) Perquisites and Allowances:

In addition to salary, the following perquisites / allowances shall be allowed to the Executive Director.

CATEGORY – A

i) Housing:

The Company shall provide furnished accommodation to the Executive Director. If the Executive Director is having his own accommodation, the Company shall pay house rent allowance at the rate of 40% of the Basic Salary.

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

ii) Leave Travel Concession:

The Company shall provide leave travel fare for the Executive Director and his family once in a year.

iii) Other Allowances:

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

iv) Personal Accident Insurance:

The Company shall pay / reimburse Personal Accident Insurance Premium upto ₹ 25000/- for the Executive Director.

v) Club Fees:

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

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

vi) Medical Reimbursement:

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

CATEGORY – B

i) The Company shall contribute towards Provident Fund/Superannuation Fund/ Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.

ii) The Company shall pay Gratuity as per rules of the Company.

iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The above shall not be included in the computation of ceiling on remuneration or perquisites aforesaid.

CATEGORY – C

i) The Company shall provide car(s) with driver at the entire cost of the Company for use on Company's business and the same will not be considered as perquisites.

ii) The Company shall provide telephone and other communication facilities at the residence of the Executive Director at the entire cost of the Company.

CATEGORY – D

The Executive Director shall be entitled to Performance Linked Variable Pay / Special Allowance / Role Award / Bonus / Commission on profits or in any other form as the Remuneration Committee and the Board of Directors may determine from time to time within the overall limit of 5% of net profit and the overall limits of remuneration prescribed under Sections 198 and 309 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956.

Overall Limit:

The aforesaid remuneration in any one financial year shall not exceed the limits prescribed under sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said act as may, for the time being, be in force. Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of the Executive Directors, the Company has no profits or its profits are inadequate, the Company will pay remuneration for a period not exceeding three years by way of salary, commission and perquisites as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors (which includes any committee thereof) subject to approval of Central Government, if required, as Minimum Remuneration.

The abovementioned remuneration may be altered, amended, varied, enhanced or modified from time to time by the Board of Directors of Company or the Remuneration Committee as it may in its discretion deem fit, within the maximum amount payable to Managing and Wholetime Directors in accordance with the provisions of the Companies Act, 1956 or any amendments thereto made hereafter in this regard and within the limits, as may be specified

by members in the General Meeting.

In terms of the Schedule XIII to the Companies Act, 1956, the Company can revise the limit of payment of managerial remuneration in a financial year when it has no profit or has inadequacy of profit. The Company can pay remuneration upto ₹ 4 lacs per month by way of salary as well as perquisites provided, inter alia, that the approval of members by way of special resolution has been obtained for payment of managerial remuneration for a period not exceeding three years. Accordingly, the resolutions at Item Nos. 8 and 9 are put before the members as Special Resolutions.

As required under the Schedule XIII to the Companies Act, 1956, the relevant details for Item Nos. 8 and 9 to be sent along with the notice calling the general meeting are as under:

I. General Information

1 Nature of industry : Textiles Industry

2 Date or expected date of commencement of commercial production :

The Company was incorporated on 1st June, 1931 and commenced commercial production thereafter.

3 In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.

4 Financial performance based on given indicators (As per audited financial statements for the year ended 31.03.2012)

| Particulars | ₹ in Crores |
|----------------------|-------------|
| Sales & Other Income | 3494.12 |
| EBIDTA | 501.00 |
| Net Profit/(Loss) | 434.23 |

5 Export performance and net foreign exchange collaborations (As per audited financial statements for the year ended 31.03.2012)

Earnings in foreign exchange by exports : ₹ 1488.57 Crores.

6 Foreign investments or collaborators, if any: Not Applicable.

II. Information about the appointees

1. Background details:

Mr. Punit Lalbhai, aged 30 years is an MBA from INSEAD (France) specializing in Strategy and General Management, along with Post-Graduate degree in Masters of Environmental Science from Yale University, and a Bachelors degree in Science (Conservation Biology) from University of California, USA. He has several awards and honors during his career including Research Grants, Presidential Fellowship Grant, J.M. Long-Endowed Scholarship and inclusion in Dean's Lists for consistent Academic Excellence. He is passionate about nature conservation and sustainability, and is currently serving as a Board Member for Sustainable Apparel Coalition, Council Member for Better Cotton Initiative (Geneva) and Member of CII for Family Business Network.

Mr. Kulin Lalbhai, aged 27 years, is an MBA from Harvard Business School (USA) along with a Bachelors degree in Science (Electrical Engineering) from Stanford University, USA. He has held several leadership positions during his academic role including serving as Co-President of Family Business Club at Harvard, Associate Director for Stanford Asia Technology Initiative and also serving as Conference Co-Chair for the Harvard-India Conference. He is passionate about Retail Industry and B2C businesses and has researched extensively on Disruptive Business Models and Online space.

2. Past remuneration:

In the past, Mr. Punit Lalbhai and Mr. Kulin Lalbhai were not drawing any remuneration as Managerial Personnel under the Companies Act, 1956.

3. Job profile and their suitability:

Mr. Punit Lalbhai has been appointed as an Executive Director of the Company and he will be responsible for giving strategic direction to the Industrial Businesses within the Arvind Portfolio (Advanced Materials, Heavy Engineering and Waste Water Management) and will be the profit-centre head for the Advanced Materials Division whose establishment and commercial launch has been spearheaded by him since year 2010. He will be actively focus on identifying new business segments to enter, new JVs and partnerships to further expand the global footprint and product portfolio of this emerging business. He will continue to play the lead role in Arvind – PD Composites – a fiberglass weaving JV with PD Interglass Germany, which he has actively established.

In addition to the above business specific responsibilities, Mr. Punit Lalbhai will play a lead corporate role on behalf of Arvind Limited in its drive towards sustainability and becoming a more socially and environmentally responsible corporate citizen. He will continue to shape opinions and policies as a key member of Sustainable Apparel Coalition and the Council of the Better Cotton Initiative - leading global organizations founded to drive sustainability within the textile value chain.

Mr. Kulin Lalbhai has been appointed as an Executive Director of the Company and he will play a key role in shaping the future of Consumer Businesses within the Arvind Portfolio (Apparel Brands, Value Retail and Arvind Store) and will be the profit-centre head for the 'Arvind Store' business whose establishment and commercial launch has been conceptualized and executed by him since year 2011. He will continue to grow the business with an aggressive expansion plan to achieve revenues of US\$ 50 Mn in near future. He is also developing the strategy and relationship with a global bespoke apparel brand to produce customized apparel for the Indian retail market.

In addition to the above business specific responsibilities, Mr. Kulin Lalbhai will also be actively involved in shaping the future strategic direction of the Real-Estate business by working closely with the CEO and leadership team of the respective business. He will also play a lead role at a corporate level for all New Ventures related to Social Media and E-Commerce.

Taking into consideration their qualifications and expertise in the relevant fields, they are suited for the responsibilities assigned to them by the Board of Directors.

4. Remuneration proposed: Since the same have been already explained in detail hereinabove, the same are not repeated.
5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):
Considering the size of the Company, the profiles of Mr. Punit Lalbhai and Mr. Kulin Lalbhai, the responsibilities shouldered by them and the industry benchmarks, the remuneration proposed to be paid to them are commensurate with the remuneration packages being paid to similar appointees in other companies.
6. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:
Besides the remuneration proposed, Mr. Punit Lalbhai and Mr. Kulin Lalbhai do not have any pecuniary relationship with the Company. Mr. Punit Lalbhai and Mr. Kulin Lalbhai are sons of Mr. Sanjay S. Lalbhai, Chairman and Managing Director of the Company.

The Board commends the resolutions at Item Nos. 8 and 9 for your approval.

The Drafts of Agreements to be entered into between Mr. Punit Lalbhai and Mr. Kulin Lalbhai and the Company for remuneration are available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day.

Since the resolutions at Item Nos. 8 and 9 relate to payment of remuneration to Mr. Punit Lalbhai and Mr. Kulin Lalbhai, they and Mr. Sanjay S. Lalbhai, Chairman and Managing Director, being father of Mr. Punit Lalbhai and Mr. Kulin Lalbhai,

are deemed to be concerned or interested in the said resolutions. None of the other Directors of the Company is, in any way, concerned or interested in the resolutions.

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

Item No. 10

Resolution under Item No. 10 of the Notice relates to the reappointment of Mr. Sanjay S. Lalbhai as Chairman & Managing Director of the Company for a further period commencing from 1st January, 2013 to 31st March, 2017 and approval of his remuneration and terms of reappointment.

The Remuneration Committee, at its meeting held on 9th May, 2012, had recommended the reappointment of Mr. Sanjay S. Lalbhai as Chairman & Managing Director and terms of remuneration payable to him for a further period commencing from 1st January, 2013 to 31st March, 2017. The Board of Directors, at their meeting held on 9th May, 2012, had approved the same. The Remuneration Committee and the Board of Directors of the Company are of the opinion that he is fit and proper person to hold the said office and his reappointment will be in the interest of the Company.

The material terms of remuneration of Mr. Sanjay S. Lalbhai effective from 1st January, 2013 as approved by both Remuneration Committee and Board of Directors in their respective meetings held on 9th May, 2012 are as under:

Remuneration:

- (a) Basic Salary:
₹ 6,00,000 (Rupees Six Lacs) per month with such increments as may be decided by the Remuneration Committee and the Board of Directors from time to time, but subject to maximum salary of ₹ 15,00,000 (Rupees Fifteen Lacs) per month.
- (b) Perquisites and Allowances:
In addition to salary, the following perquisites / allowances shall be allowed to the Chairman & Managing Director:

CATEGORY – A

- i) Housing:
The Company shall provide furnished accommodation to the Chairman & Managing Director. If the Chairman & Managing Director is having his own accommodation, the Company shall pay house rent allowance at the rate of 40% of the Basic Salary.
The Company shall provide equipment and appliances, furniture, fixtures and furnishing at the residence of the Chairman & Managing Director at the entire cost of the Company. The Company shall reimburse the expenses of maintenance, electricity, servants etc.
- ii) Leave Travel Concession:
The Company shall provide leave travel fare for the Chairman & Managing Director and his family once in a year.
- iii) Other Allowances:
The Company shall pay other allowances as per the Company policy.
- iv) Personal Accident Insurance:
The Company shall pay / reimburse Personal Accident Insurance Premium upto ₹ 25000/- for the Chairman & Managing Director.
- v) Club Fees:
The Company shall reimburse annual fees for a maximum of two clubs.
The aggregate value of perquisites mentioned at sr. no. (i) to (v) for each year shall be computed as per the provisions of Income Tax Act, 1961. In case of benefits for which no specific rule of valuation is provided under the Income Tax Act, the perquisites value of such benefit shall be taken at actual cost.

vi) Medical Reimbursement:

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

CATEGORY – B

i) The Company shall contribute towards Provident Fund/Superannuation Fund/ Annuity Fund provided that such contributions either singly or put together shall not exceed the tax free limit prescribed under the Income-tax Act.

ii) The Company shall pay Gratuity as per rules of the Company.

iii) Leave on full pay and allowances, as per rules of the Company, but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

The above shall not be included in the computation of ceiling on remuneration or perquisites aforesaid.

CATEGORY – C

i) The Company shall provide car(s) with driver at the entire cost of the Company for use on Company's business and the same will not be considered as perquisites.

ii) The Company shall provide telephone and other communication facilities at the residence of the Chairman & Managing Director at the entire cost of the Company.

CATEGORY – D

The Chairman & Managing Director shall be entitled to Performance Linked Variable Pay/Special Allowance/ Role Award/Bonus/ Commission on profits or in any other form as the Remuneration Committee and the Board of Directors may determine from time to time within the overall limit of 5% of net profit and the overall limits of remuneration prescribed under Sections 198 and 309 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956.

Overall Limit:

The aforesaid remuneration in any one financial year shall not exceed the limits prescribed under sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said act as may, for the time being, be in force. Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of tenure of the Managing Director, the company has no profits or its profits are inadequate, the Company will pay remuneration for a period not exceeding three years by way of salary, commission and perquisites as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors (which includes any committee thereof) subject to approval of Central Government, if required, as Minimum Remuneration.

The abovementioned remuneration may be altered, amended, varied, enhanced or modified from time to time by the Board of Directors of Company or the Remuneration Committee as it may in its discretion deem fit, within the maximum amount payable to Managing and Wholetime Directors in accordance with the provisions of the Companies Act, 1956 or any amendments thereto made hereafter in this regard and within the limits, if any, specified by members in the General Meeting.

In terms of the Schedule XIII to the Companies Act, 1956, the Company can revise the limit of payment of managerial remuneration in a financial year when it has no profit or has inadequacy of profit. The Company can pay remuneration upto ₹ 4 lacs per month by way of salary as well as perquisites provided, inter alia, that the approval of members by way of special resolution has been obtained for payment of managerial remuneration for a period not exceeding three years. Accordingly, the resolution at Item No. 10 is put before the members as Special Resolution.

As required under the Schedule XIII to the Companies Act 1956, the relevant details for Item No. 10 to be sent along with the notice calling the general

meeting are as under:

I. General Information

1. Nature of industry : Textiles Industry

2. Date or expected date of commencement of commercial production :

The Company was incorporated on 1st June, 1931 and commenced commercial production thereafter.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.

4. Financial performance based on given indicators (As per audited financial statements for the year ended 31.03.2012)

| Particulars | ₹ in Crores |
|----------------------|-------------|
| Sales & Other Income | 3494.12 |
| EBIDTA | 501.00 |
| Net Profit/(Loss) | 434.23 |

5. Export performance and net foreign exchange collaborations (As per audited financial statements for the year ended 31.03.2012)

Earnings in foreign exchange by exports : ₹ 1488.57 Crores.

6. Foreign investments or collaborators, if any: Not Applicable.

II. Information about the appointee

1. Background details:

Mr. Sanjay S. Lalbhai, 58 years, is a Science graduate with a Masters degree in Business Management. He has been associated with the Company for almost 34 years and has been Managing Director since the last 27 years.

2. Past remuneration:

| Particulars | FY. 11-12 ₹ | FY. 10-11 ₹ |
|------------------------|----------------|----------------|
| Salary | 51,75,000 | 45,00,000 |
| Perquisites/allowances | 1,07,44,427 | 96,20,136 |
| Commission/Bonus | 1,25,00,000 | 1,25,00,000 |
| Total | 2,84,19,427 | 2,66,20,136 |

Note: Remuneration includes contribution to Provident Fund and Superannuation.

3. Job profile and his suitability:

Mr. Sanjay S. Lalbhai has been appointed as the Chairman & Managing Director of the Company and he will be in charge of overall management subject to the direction, supervision and control of the Board of Directors of the Company.

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

4. Remuneration proposed: Since the same have been already explained in detail hereinabove, the same are not repeated.

5. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin):

Considering the size of the Company, the profile of Mr. Sanjay S. Lalbhai, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to him is commensurate with the remuneration packages being paid to similar appointees in other companies.

6. Pecuniary relationship directly or indirectly with the company or

relationship with the managerial personnel, if any:

Besides the remuneration proposed, Mr. Sanjay S. Lalbhai does not have any pecuniary relationship with the Company and its managerial personnel.

The Board commends the resolution at Item No. 10 for your approval.

The Draft of Agreement to be entered into between Mr. Sanjay S. Lalbhai and the Company for remuneration is available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day.

Since the resolution at Item No. 10 relates to payment of remuneration to Mr. Sanjay S. Lalbhai, he is deemed to be concerned or interested in the said resolution. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

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

Item No. 11

Mr. Darshil Shah holds a Bachelor Degree in Industrial Engineering from University of Michigan, Ann Arbor and MS in Corporate Finance and Asset Management from University of Illinois at Urbana-Champaign. Mr. Darshil Shah was working as Manager - Business Development in the Real Estate Division of the Company.

Real Estate Division of the Company has now been consolidated with Arvind Infrastructure Limited ("AIL"), a subsidiary of the Company w.e.f. 1st January,

2012. With a view to have flexibility to decide his remuneration, the Board of Directors of AIL has informed the Company that it has appointed Mr. Darshil Shah as Manager - Business Development in AIL with effect from 1st April, 2012 on the terms and conditions mentioned in the resolution.

Since Mr. Darshil Shah is related to Mr. Jayesh K. Shah, the Director & Chief Financial Officer of the Company and the remuneration (including perquisites) payable to Mr. Darshil Shah as an employee of the Subsidiary Company will be in excess of ₹50,000/- per month, Mr. Darshil Shah will be deemed to be holding an office or place of profit in the Subsidiary Company within the meaning of Section 314(1) of Companies Act, 1956 and holding of such an office or place of profit requires the consent of the Company by a Special Resolution. In the circumstances, consent of the members is being sought for Mr. Darshil Shah to hold such an office or place of profit in the Subsidiary Company. Accordingly, Special Resolution set out in Item No. 11 of the Notice is submitted to the meeting.

The Special Resolution set out in the Notice also provides flexibility to the management of the Subsidiary Company to decide the salary and perquisites within the overall limits prescribed in the resolution.

Except Mr. Jayesh K. Shah, Director & Chief Financial Officer of the Company, no other director is concerned or interested in this resolution.

Registered Office:
Naroda Road,
Ahmedabad-380 025

By Order of the Board

SANJAY S. LALBHAI
CHAIRMAN & MANAGING DIRECTOR

Date: 26th July, 2012.

Directors' Report

To the Members,

Your Directors are pleased to present the Annual Report along with the Audited Financial Statements for the period from 1st April, 2011 to 31st March, 2012.

1. FINANCIAL RESULTS

Highlights of Financial Results for the year are as under:

₹ in Crores

| | 2011-2012 | 2010-2011 |
|--|---------------|-----------|
| Turnover & Operating Income | 3494.12 | 2683.26 |
| Profit before Finance Costs, Depreciation and Amortisation Expenses, Extraordinary Items & Tax Expenses | 637.05 | 438.19 |
| Less : Finance costs | 270.25 | 187.23 |
| Profit before Depreciation and Amortisation Expenses, Extraordinary Items & Tax Expenses | 366.80 | 250.96 |
| Less: Depreciation and Amortisation Expenses | 130.51 | 116.16 |
| Profit before Extraordinary Items and Tax Expenses | 236.29 | 134.80 |
| Add: Extraordinary Items | 251.80 | 0.00 |
| Profit Before Tax | 488.09 | 134.80 |
| Less : Current Tax | 85.15 | 26.84 |
| Add: MAT Credit Entitlement | (31.29) | (26.84) |
| Profit for the year | 434.23 | 134.80 |
| Balance of Profit brought forward | 450.12 | 314.42 |
| Add: Profit of Amalgamated Company | 1.62 | 0.00 |
| Less: Amount transferred to Statement of Profit and Loss on account of Amalgamation | 56.31 | 0.00 |
| Add: Transfer from Debenture Redemption Reserve | 0.00 | 0.90 |
| Balance available for appropriation | 829.66 | 450.12 |
| Less : Appropriation : | | |
| Proposed Dividend on Equity Shares | 25.80 | 0.00 |
| Tax on Dividend | 4.19 | 0.00 |
| Closing Balance | 799.67 | 450.12 |

2. OPERATIONS

The Financial year 2011-12 was extremely challenging year for our company. The year was characterized by global slowdown, weak retail demand at home, high volatility in cotton prices and foreign exchange and higher interest cost. It is satisfying to note that in the backdrop of such a challenging environment, our Company has closed the financial year 2011-12 with 30% growth in sales and 28% growth in Operating Earnings before Interest Depreciation and Taxes (Operating EBITDA). PAT (excluding Exceptional Income) has shown a growth of 75% compared to the previous year.

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

3. DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 1 per equity share of ₹10 each.

4. FINANCE

During the year, the Company has repaid the installments of Term Loans amounting to ₹ 401 crores falling due during the current year. The Company has also made fresh borrowings of ₹ 223 Crores for funding capital expenditure and other requirements. Long Term Debt including lease of the Company stands to ₹ 829 crores as on 31st March, 2012.

5. EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Company has instituted the Employees Stock Option Scheme (ESOS) to grant equity based incentives to certain eligible employees and directors of the Company and its subsidiary companies. 27,50 lacs and 2.00 lacs options were granted to certain eligible employees and directors of the company and its subsidiary companies by the Remuneration Committee at an exercise price of ₹14.65 per option and ₹73.70 per option respectively, representing one share for each option upon exercise. The details as per the requirements of SEBI Guidelines are annexed and form part of this report.

6. SUBSIDIARIES

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

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

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

7. DIRECTORS

Export-Import Bank of India has nominated Mr. Prabhakar Dalal as its Nominee Director on the Board of the Company in place of Mr. R. W. Khanna with effect from 29th April, 2011. The Board places on record its deep sense of appreciation for the valuable services rendered by Mr. R. W. Khanna during his tenure as Director.

At the ensuing Annual General Meeting, Mr. Jayesh Shah and Mr. Munesh Khanna, Directors of the Company, retire by rotation, but being eligible, offer themselves for re-appointment.

8. CORPORATE GOVERNANCE

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

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

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

9. RESPONSIBILITY STATEMENT

The Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards;
2. such accounting policies have been selected and applied consistently and such 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, 2012 and of the profit of the Company for that period;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the statements of accounts for the year ended on 31st March, 2012 have been prepared on a going concern basis.

10. FIXED DEPOSITS

The Company has not accepted or renewed any deposits during the year. There are no outstanding and overdue deposits as at 31st March, 2012.

11. INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND EMPLOYEES

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and under Section

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

12. AUDITORS

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

13. ACKNOWLEDGEMENT

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

By Order of the Board

Date: 9th May, 2012

Place: Ahmedabad.

SANJAY S. LALBHAI

CHAIRMAN & MANAGING DIRECTOR

Annexure to the Directors' Report

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

| | | |
|-----|--|---|
| 1 | Number of Options granted | 2,00,000 options. |
| 2 | Pricing Formula | Market Price as defined under SEBI guidelines. |
| 3 | Number of Options vested | Nil |
| 4 | Number of Options exercised | 2,32,500 |
| 5 | Total number of shares arising out of exercise of Options | 2,32,500 |
| 6 | Number of Options lapsed | NIL |
| 7 | Variation in the terms of the Options | No variations made. |
| 8 | Money realized by exercise of Options | ₹ 34,06,125/ |
| 9 | Total number of Options in force | 2,00,000 options. |
| 10 | Employee wise details of options granted to - | |
| a | Senior Management Personnel | Nil |
| b | Any other employee who receives a grant in any one year of option amounting to 5% or more of options granted during the year | Mr. Aamir Akhtar-1,00,000 Options. Mr. Susheel Kumar Kaul- 1,00,000 Options. |
| c | Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant | Nil |
| 11 | Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 – Earnings Per Share | ₹9.14 |
| 12 | Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed. | Company accounts for options under the intrinsic value method. Since options are granted at market price, the intrinsic value is Nil. However, if fair value of the options (computed using the Black Scholes Option Pricing Model) was to be used for calculating the accounting value of the option, the compensation cost would have been ₹43.00 lacs and the profits would have been lesser by ₹43.23 lacs. Basic and diluted EPS would have reduced to ₹9.16 and ₹9.14 respectively. |
| 13a | Weighted average exercise prices for options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price | ₹73.70 Nil Nil |
| 13b | Weighted fair values for options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price | ₹32.45 Nil Nil |
| 14 | A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information: – i. risk free rate ii. expected life iii. expected volatility iv. expected dividends and v. the price of the underlying share in the market at the time of option grant. | Black Scholes Option Pricing Model. The assumptions are as under – 7.57% 2.53 years 62.46% 0% ₹73.70 |

Corporate Governance Report

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

BOARD OF DIRECTORS

Composition of the Board

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

The following is the Composition of the Board as at 31st March, 2012:

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

* Mr. R. W. Khanna, a Nominee Director of EXIM Bank, has ceased to be a Director w. e. f. 29th April, 2011.

** Mr. Prabhakar Dalal has been appointed as a Nominee Director of EXIM Bank w.e. f. 29th April, 2011.

Board Agenda

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

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

Meetings and Attendance

During the year, the Board of Directors met 5 times on 20th May, 2011, 28th July, 2011, 23rd September, 2011, 21st October, 2011 & 13th February, 2012. The gap between two Board Meetings was within the maximum time gap prescribed in Clause 49 of the Listing Agreement. The Attendance of Directors at these Board Meetings and at the last Annual General Meeting was as under:

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

Committees of the Board

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

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

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

1. Audit Committee

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

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

Role

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment of statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
Explanation (i): The terms “related party transactions” shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.
Explanation (ii): If the Company has set up an Audit Committee pursuant to provision of the Companies Act, the said Audit Committee shall have such additional functions/features as is contained in this clause.
14. Management Discussion and Analysis of financial condition and results of operations.
15. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
16. Management letters/letters of internal control weaknesses issued by the Statutory Auditors.
17. Internal audit reports relating to internal control weaknesses; and
18. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
19. To look into any other matter which may be referred to it by the Board.
20. In addition to the above, the Committee shall have such functions/role/powers as may be specified in the Companies Act, Listing Agreement with Stock Exchanges or any other applicable law.

Meetings and Attendance

During the year, 4 Audit Committee Meetings were held on 20th May, 2011, 28th July, 2011, 21st October, 2011 & 13th February, 2012. The Attendance of Members at meetings was as under:

| Sr. No. | Name | Position | No. of Meetings held during relevant period | No. of Meetings attended |
|---------|---------------------|----------|---|--------------------------|
| 1 | Mr. Munesh Khanna | Chairman | 4 | 4 |
| 2 | Mr. Prabhakar Dalal | Member | 4 | 3 |
| 3 | Mr. G. M. Yadwadkar | Member | 4 | 2 |
| 4 | Dr. Bakul Dholakia | Member | 4 | 4 |

2. Remuneration Committee

The Board of Directors of the Company has constituted a Remuneration Committee consisting of 3 Directors, all of whom are Non-Executive Independent Directors. The Remuneration Committee met once during the year.

Role

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

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

Meetings and Attendance

During the year, 1 Meeting was held on 20th May, 2011. The Attendance of Members at meeting was as under:

| Sr. No. | Name | Position | No. of Meetings held during relevant period | No. of Meetings attended |
|---------|--------------------|----------|---|--------------------------|
| 1 | Mr. Sudhir Mehta | Chairman | 1 | 1 |
| 2 | Mr. Munesh Khanna | Member | 1 | 1 |
| 3 | Dr. Bakul Dholakia | Member | 1 | 1 |

Remuneration of Directors

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

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

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

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

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

| Sr. No. | Name of Director | Salary ₹ | Perquisites & Allowances ₹ | Sitting Fees ₹ | Commission/ Bonus ₹ | Total ₹ |
|---------|---------------------------------------|----------|----------------------------|----------------|---------------------|----------|
| 1 | Mr. Sanjay S. Lalbhai (Chairman & MD) | 5175000 | 10744427 | NIL | 12500000 | 28419427 |
| 2 | Mr. Jayesh K. Shah | 3967500 | 9312470 | NIL | 8600000 | 21879970 |
| 3 | Mr. Sudhir Mehta | NIL | NIL | 45000 | 500000 | 530000 |
| 4 | Dr. Bakul Dholakia | NIL | NIL | 65000 | 600000 | 665000 |
| 5 | Mr. Prabhakar Dalal | NIL | NIL | 30000 | 600000 | 630000 |
| 6 | Mr. G. M. Yadwadkar | NIL | NIL | 20000 | 600000 | 620000 |
| 7 | Mr. Munesh Khanna | NIL | NIL | 45000 | 600000 | 620000 |
| 8 | Ms. Renuka Ramnath | NIL | NIL | 10000 | 400000 | 410000 |

3. Investors' Grievance Committee

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

Role

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

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

Meetings and Attendance

During the year, 3 Investors' Grievance Committee Meetings were held on 28th July, 2011, 21st October, 2011 & 13th February, 2012. The Attendance of Members at meetings was under:

| Sr. No. | Name | Position | No. of Meetings held during relevant period | No. of Meetings attended |
|---------|-----------------------|----------|---|--------------------------|
| 1 | Mr. Sanjay S. Lalbhai | Member | 3 | 3 |
| 2 | Mr. Jayesh K. Shah | Member | 3 | 3 |
| 3 | Mr. Sudhir Mehta | Member | 3 | 3 |
| 4 | Dr. Bakul Dholakia | Member | 3 | 3 |

4. Management Committee

The Management Committee consists of 2 Directors, all of whom are Executive Directors. The Management Committee met 25 times during the year.

Role

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

Meetings and Attendance

During the year, 25 Management Committee Meetings were held on various dates. The Attendance of Members at meetings was as under:

| Sr. No. | Name | Position | No. of Meetings held during relevant period | No. of Meetings attended |
|---------|-----------------------|----------|---|--------------------------|
| 1 | Mr. Sanjay S. Lalbhai | Member | 25 | 25 |
| 2 | Mr. Jayesh K. Shah | Member | 25 | 25 |

MANAGEMENT DISCUSSION AND ANALYSIS

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

Brief Resume of Directors seeking Re-appointment/ Appointment

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

At the ensuing Annual General Meeting, Mr. Jayesh K. Shah and Mr. Munesh Khanna, Directors of the Company, retire by rotation and being eligible seek re-appointment.

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

Mr. Jayesh K. Shah

Mr. Jayesh K. Shah, 52 years, is a Wholetime Director with the designation of Director and Chief Financial Officer of the Company. He is a Commerce Graduate and Chartered Accountant and has been with the Company since 1st July, 1993. He has a distinguished academic career and has extensive administrative, financial, regulatory and managerial expertise.

He is not related to any Director of the Company.

| Sr. No. | Name of the Company in which holding Directorship | Name of the Committee | Committee Membership |
|---------|--|-----------------------|----------------------|
| 1 | Arvind Retail Limited | - | - |
| 2 | Arvind Lifestyle Brands Limited | - | - |
| 3 | Arvind Accel Limited | - | - |
| 4 | Arvind Infrastructure Limited | - | - |
| 5 | Arvind Brands & Retail Limited | - | - |
| 6 | e-Infochips Limited | - | - |
| 7 | Anagram Knowledge Academy Limited | - | - |
| 8 | Adi Fine-chem Limited | - | - |
| 9 | Amplus Capital Advisors Private Limited | - | - |
| 10 | Firenze Properties And Investments Private Limited | - | - |
| 11 | Bayer Malibu Polymers Private Limited | - | - |
| 12 | Arvind Textile Mills Ltd., Bangladesh | - | - |
| 13 | Arvind Spinning Limited, Mauritius | - | - |
| 14 | Arvind Worldwide Inc. USA | - | - |

Mr. Munesh Khanna

Mr. Munesh Khanna, 50 years, is a Non-executive & Independent Director of the Company. He is a Chartered Accountant from ICAI. He has been with the Company since 27th October, 2007. He has 20 years of experience in the financial, regulatory and taxation domain. He has an extensive network of relationships with Indian Corporates. In addition to management experience, he has been involved in Investment Banking and Corporate Advisory Services with special emphasis on raising resources from Capital Markets and Private Equity, Merger & Acquisitions, establishing joint ventures and corporate restructuring. He has a wide-range of experience in a number of sectors including Power, Energy, Telecom, Media & Pharma. Mr. Munesh Khanna has held senior position in organizations such as Arthur Andersen (Head of Corporate Finance), NM Rothschild & Sons (Country Head), DSP Merrill Lynch (Head of Investments Banking) & Enam (Partner).

Prior to joining Grant Thornton he was the MD and Head of Investment Banking at Centrum Capital Ltd., a leading financial services firm and is responsible for providing strategic and financial advisory services in corporate finance, M&A, restructuring and strategic initiatives and is also responsible for all equities business.

He is very active speaker and has spoken at several public forums and is regularly quoted in press and TV.

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

| Sr. No. | Name of the Company in which holding Directorship | Name of the Committee | Committee Membership |
|---------|---|-----------------------|----------------------|
| 1 | Indofil Industries Limited | - | - |
| 2 | Caption Investments And Trading Company Pvt. Ltd. | - | - |
| 3 | Youth Properties Private Limited | - | - |
| 4 | Arvind Retail Limited | - | - |
| 5 | Arvind Lifestyle Brands Limited | - | - |
| 6 | Solutions India For Social Development | - | - |

Prevention of Insider Trading

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

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

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

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

Disclosures

- Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, directors or the management, their subsidiaries or relatives etc. that may have potential conflicts with the interest of the Company at large :
Transactions with related parties are disclosed in detail in Note No. 39 in "Notes forming part of the Accounts" annexed to the financial statements for the year. There were no related party transactions having potential conflict with the interest of the Company at large.
- Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or other authority on any matter related to capital markets, during last three years: Nil.
- Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49:
The Company has complied with the mandatory requirements relating to strengthening the responsibilities of Audit Committee, improving the quality of financial disclosures, including related party transactions, calling upon Company Board to adopt formal code of conduct, clearly setting out the position of nominee directors and improving disclosure relating to the compensation paid to non-executive directors and securing the approval of shareholders for this compensation, setting the procedure for legal compliance and periodical review by the Board.

The Company has not adopted the non-mandatory requirements.

Shareholders' Information

1. Name and Designation of Compliance Officer:

| | |
|--|--|
| Mr. Ramnik V. Bhimani Company Secretary Arvind Limited | Ms. Bharti Parikh Sharepro Services (India) Pvt. Ltd. Registrars & Transfer Agents |
|--|--|

2. Details of Complaints / Queries received and redressed during 1st April, 2011 to 31st March, 2012:

| Sr. No. | Particulars of Complaints / Queries | Received | Redressed | Pending as on 31.3.2012 |
|---------|---|----------|-----------|-------------------------|
| 1 | Non receipt of Share Certificates | 7 | 7 | Nil |
| 2 | Non receipt of Dividend/Interest Warrants | 22 | 22 | Nil |
| 3 | Confirmation of Demat Credit | Nil | Nil | Nil |
| 4 | Non receipt of Debentures Redemption payment | Nil | Nil | Nil |
| 5 | Non receipt of letter of offer, allotment advice, share certificates etc. for Rights Issue & others | NA | NA | NA |
| 6 | Others – Complaints received from SEBI, Stock Exchanges, NSDL, ROC, Company Law Board etc. | 13 | 13 | Nil |
| | Total | 42 | 42 | Nil |

3. Share Transfer Details for the period from 1st April, 2011 to 31st March, 2012:

| Transactions | Physical | Demat | Total |
|--|----------|--------|--------|
| Number of Transfers | 836 | 1351 | 2187 |
| Average Number of Transfers per month | 70 | 113 | 183 |
| Number of Shares Transferred | 78191 | 212463 | 290654 |
| Average Number of shares Transferred per month | 6516 | 17705 | 24221 |
| No. of Pending Share Transfers | NIL | NIL | NIL |

4. Investors' Grievances:

The Registrars and Transfer Agents under the supervision of the Secretarial Department of the Company look after investors' grievances. Ms. Bharti Parikh of Sharepro Services (India) Pvt. Ltd. is responsible for redressal of Investors' Grievances. The Company Secretary of the Company has been appointed as the Compliance Officer for this purpose. At each Meeting of the Investors' Grievance Committee, all matters pertaining to investors including their grievances and redressal are reported.

5. Information on General Body Meetings:

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

| Date | Time | Venue |
|----------------------|------------|---|
| 30th September, 2011 | 10.30 a.m. | Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad-380006 |
| 25th September, 2010 | 10.30 a.m. | Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad-380006 |
| 25th September, 2009 | 11.00 a.m. | Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad-380006 |

(ii) Special Resolutions passed at the last 3 Annual General Meetings:

2010-11

- Approval of terms of reappointment and remuneration of Mr. Jayesh K. Shah as Whole time Director with the designation of Director and Chief Financial Officer of the Company for a further period of three years from 1st October, 2011 to 30th September, 2014.
- Alteration of the Main Object Clause of Memorandum of Association of the Company so as to include the object of Real Estate Business.
- Commencement of new business of Real Estate.
- Further Issue of Equity Shares or Securities convertible into Equity Shares for an amount not exceeding ₹ 300 crores.

2009-10

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

2008-09

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

(iii) No resolutions were passed through Postal Ballot during the previous year.

Details of Extra Ordinary General Meeting:

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

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

6. Means of communication

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

7. Annual General Meeting:

| | |
|-------|---|
| Date | 28th September, 2012 |
| Time | 10:00 a.m. |
| Venue | Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006 |

8. Financial Calendar:

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

| | |
|---|---------------------------|
| First quarter results | : By end of July, 2012 |
| Second quarter results | : By end of October, 2012 |
| Third quarter results | : By end of January, 2013 |
| Fourth quarter results / Year end results | : By end of May, 2013 |

9. Book Closure : Saturday, the 15th September, 2012 to Friday, the 28th September, 2012 (Both Days inclusive).

10. Dividend payment Date : 3rd October, 2012

11. Listing on Stock Exchanges: Shares of the Company are listed on the following Stock Exchanges.

| Sr. No. | Name of the Stock Exchange | Code | Address |
|---------|---|--------|---|
| 1 | Ahmedabad Stock Exchange Ltd. (Regional Stock Exchange) | 05090 | Kamdhenu Complex, Opp. Sahajanand College, Panjarapole, Ahmedabad-380 015 |
| 2 | Bombay Stock Exchange Ltd. | 500101 | Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai - 400 001 |
| 3 | National Stock Exchange of India Ltd. | ARVIND | Exchange Plaza, 5th Floor, Plot No.C/1, G. Block, Bandra - Kurla Complex, Bandra (E) Mumbai - 400 051 |
| 4 | The Luxembourg Stock Exchange (Listing of GDRs) | | 11, Avenue de la Porte-Neuve L-2227 Luxembourg |

The Company has paid Annual Listing Fees for the year 2012-2013 to the above Stock Exchanges.

12. Market Price Data:

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

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

| Month | Share price BSE | | BSE Sensex | | Volumes No of shares | Share price NSE | | NSE (NIFTY) | | Volumes No of shares |
|--------|-----------------|---------|------------|----------|-------------------------|-----------------|---------|-------------|---------|-------------------------|
| | High (₹) | Low (₹) | High | Low | | High (₹) | Low (₹) | High | Low | |
| Apr-11 | 79.75 | 66.55 | 19811.14 | 18976.19 | 26988446 | 79.70 | 66.20 | 5944.45 | 5693.25 | 50644299 |
| May-11 | 83.10 | 70.00 | 19253.87 | 17786.13 | 25084851 | 83.20 | 67.65 | 5775.25 | 5328.70 | 46347124 |
| Jun-11 | 89.20 | 71.45 | 18873.39 | 17314.38 | 29792774 | 89.15 | 72.10 | 5657.90 | 5195.90 | 55752756 |
| Jul-11 | 93.50 | 75.00 | 19131.7 | 18131.86 | 22635110 | 93.70 | 78.00 | 5740.40 | 5453.95 | 52051079 |
| Aug-11 | 90.50 | 61.90 | 18440.07 | 15765.53 | 17019723 | 90.50 | 61.75 | 5551.90 | 4720.00 | 42220791 |
| Sep-11 | 101.70 | 77.65 | 17211.8 | 15801.01 | 32472274 | 101.95 | 77.50 | 5169.25 | 4758.85 | 85327566 |
| Oct-11 | 111.05 | 94.00 | 17908.13 | 15745.43 | 21186406 | 111.15 | 94.05 | 5399.70 | 4728.30 | 56660146 |
| Nov-11 | 111.15 | 80.40 | 17702.26 | 15478.69 | 16033231 | 111.15 | 80.25 | 5326.45 | 4693.10 | 48114566 |
| Dec-11 | 90.80 | 65.10 | 17003.71 | 15135.86 | 12555482 | 91.15 | 65.15 | 5099.25 | 4531.15 | 38658050 |
| Jan-12 | 97.00 | 63.60 | 17258.97 | 15358.02 | 13830890 | 96.95 | 63.60 | 5217.00 | 4588.05 | 44408992 |
| Feb-12 | 107.15 | 76.60 | 18523.78 | 17061.55 | 26241257 | 107.25 | 76.40 | 5629.95 | 5159.00 | 78112119 |
| Mar-12 | 91.15 | 77.20 | 18040.69 | 16920.61 | 18970955 | 91.05 | 77.10 | 5499.40 | 5135.95 | 53400112 |

13. Registrars and Transfer Agents:

Sharepro Services (India) Pvt. Ltd.
416-420, 4th Floor, Devnandan Mall,
Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006
Contact Person: Ms. Bharti Parikh
Phone Nos.: 079-26582381 to 84, Fax No. : 079-26582385
E-mail: sharepro.ahmedabad@shareproservices.com

14. Delegation of Share Transfer Formalities:

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

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

15. Shareholding Pattern as on 31st March, 2012:

| Sr. No. | Category | No. of shares held | Percentage of Shareholding |
|----------|--|--------------------|----------------------------|
| | Holding of Promoter Group | | |
| 1 | Individuals: | | |
| | Mr. Sanjay S. Lalbhai | 2500152 | 0.98% |
| | Mr. Samveg A. Lalbhai | 213395 | 0.08% |
| | Mr. Shrenik K. Lalbhai | 414 | 0.00% |
| | Relatives of above Individuals* | 112737 | 0.04% |
| 2 | Major Bodies Corporate and Trusts: | | |
| | Aura Securities Private Limited | 85738882 | 33.67% |
| | Sanjay Family Trust | 100 | 0.00% |
| | AML Employees' Welfare Trust | 6327178 | 2.48% |
| | Amplus Capital Advisors Pvt. Ltd. | 0 | 0.00% |
| | Anagram Knowledge Academy Limited | 0 | 0.00% |
| | Anukul Investments Private Limited | 0 | 0.00% |
| | Aura Merchandise Pvt. Ltd. | 0 | 0.00% |
| | Lalbhai Realty Finance Private Limited | 0 | 0.00% |
| | Shruti Trade Link Pvt. Ltd. | 0 | 0.00% |
| | Shwetratna Trading & Invt. Private Limited | 5600000 | 2.20% |
| | Adore Investments Private Limited | 130995 | 0.05% |
| | Aeon Investments Private Limited | 778965 | 0.31% |
| | Amardeep Holdings Private Limited | 94250 | 0.04% |
| | Amazon Investments Private Limited | 1792158 | 0.70% |
| | Anshuman Holdings Private Limited | 267140 | 0.10% |
| | Aayojan Investment Pvt. Ltd | 0 | 0.00% |
| | Aayojan Resources Pvt. Ltd | 74810 | 0.03% |
| | Acropolis Investment Pvt. Ltd | 439199 | 0.17% |
| | Active Investment Pvt. Ltd | 153885 | 0.06% |
| | Adhigam Investments Pvt. Ltd. | 0 | 0.00% |
| | Adhinami Investment Pvt. Ltd | 1000 | 0.00% |
| | Agrimore Limited | 135000 | 0.05% |
| | Akshita Holdings Pvt. Limited | 0 | 0.00% |
| | Alligator Investment Pvt. Ltd | 40426 | 0.02% |

| | | | |
|---|---|------------------|----------------|
| | Amal Limited | 0 | 0.00% |
| | Ameer Trading Corporation Limited | 0 | 0.00% |
| | Anchor Adhesives Private Limited | 0 | 0.00% |
| | Anubhav Investments Private Limited | 1003815 | 0.39% |
| | Atul Bioscience Limited | 0 | 0.00% |
| | Atul Limited | 4127471 | 1.62% |
| | Gujarat Synthwood Limited | 0 | 0.00% |
| | Osia Enterprises Pvt. Ltd | 40000 | 0.02% |
| | Rudolf Atul Chemicals Limited | 0 | 0.00% |
| | Suvidha Dairy Pvt. Ltd | 14190 | 0.01% |
| | Suvikash Trading Pvt. Ltd. | 117500 | 0.05% |
| | Total Promoter Group holding | 109703662 | 43.08% |
| | Non Promoter holding | | |
| 3 | Mutual Funds and UTI | 28168480 | 11.06% |
| 4 | Banks, Financial Institutions, Insurance Companies | 17675117 | 6.94% |
| 5 | Foreign Institutional Investors, NRIs/OCBs, Foreign Banks | 41291024 | 16.22% |
| 6 | GDR | 660226 | 0.26% |
| 7 | Private Corporate Bodies | 9654142 | 3.79% |
| 8 | Indian Public | 47479890 | 18.65% |
| | Total Non-Promoter holding | 144928879 | 56.92% |
| | GRAND TOTAL | 254632541 | 100.00% |

* The names of 'Relatives of above Individuals' are as per disclosures made as on 31st March, 2012 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

• **Distribution of shareholding as on 31st March, 2012:**

| No. of shares | PHYSICAL MODE | | ELECTRONIC MODE | | TOTAL | % | TOTAL | % |
|---------------|----------------|---------------|-----------------|---------------|----------------|--------|---------------|--------|
| | No. of holders | No. of shares | No. of holders | No. of Shares | No. of holders | | No. of Shares | |
| 1-500 | 37298 | 2779700 | 114546 | 16629326 | 151844 | 90.81 | 19409026 | 7.62 |
| 501-1000 | 379 | 263547 | 8385 | 6866455 | 8764 | 5.26 | 7130002 | 2.80 |
| 1001-2000 | 109 | 145768 | 3367 | 5151241 | 3476 | 2.09 | 5297009 | 2.08 |
| 2001-3000 | 24 | 59411 | 1072 | 2768842 | 1096 | 0.65 | 2828253 | 1.11 |
| 3001-4000 | 12 | 42604 | 476 | 1710577 | 488 | 0.29 | 1753181 | 0.69 |
| 4001-5000 | 12 | 53900 | 419 | 1993955 | 431 | 0.25 | 2047855 | 0.80 |
| 5001-10000 | 3 | 21889 | 538 | 3981951 | 541 | 0.32 | 4003840 | 1.57 |
| 10001-20000 | 4 | 55850 | 234 | 3456127 | 238 | 0.14 | 3511977 | 1.38 |
| Above 20000 | 1 | 22428 | 328 | 208628970 | 329 | 0.19 | 208651398 | 81.95 |
| TOTAL | 37842 | 3445097 | 129365 | 251187444 | 167207 | 100.00 | 254632541 | 100.00 |

16. Dematerialisation of shares and liquidity:

The Company's shares are available for dematerialisation on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Shares of the Company are compulsorily to be delivered in the demat form on Stock Exchanges by all investors. As on 31st March, 2012, 25,11,87,444 shares representing 98.64% of the issued capital have been dematerialised by investors and bulk of transfers take place in the demat form.

Demat ISIN:

Equity Shares fully paid : INE034A01011

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

As on 31st March, 2012, 6,60,226 GDRs (previous year 5,78,092) are outstanding. Each GDR represents one underlying equity share.

18. Plant Locations:

- Lifestyle Fabrics–Denim, Naroda Road, Ahmedabad - 380 025, Gujarat.
- Lifestyle Fabrics–Shirting, Khakis & Knitwear, Santej, PO Khatrej, Taluka Kalol, Dist. Gandhinagar-382721, Gujarat.
- Lifestyle Apparel–Knits, Santej, PO Khatrej, Taluka Kalol, Dist. Gandhinagar - 382 721, Gujarat.
- Lifestyle Apparel–Shirts, No. 23/1, Sonnenahalli Vilege, Sitaram Palya Cross, ITPL Road, Brook field, Mahadevpura Post, Bangalore -560 048.
- Lifestyle Apparel–Jeans, 26/2, 27/2 Kenchenahalli, Mysore Road, Near Bangalore University, Bangalore-560 059.
- Arvind Intex, Rajpur Road, Gomtipur, Ahmedabad - 380 021, Gujarat
- Ankur Textiles, Outside Raipur Gate, Ahmedabad - 380 022, Gujarat
- Arvind Polycot, Khatrej, Taluka Kalol, Dist. Gandhinagar- 382 721, Gujarat
- Arvind Cotspin, D-64, MIDC, Gokul Shirgaon, Tal. Karveer, Kolhapur - 416 234, Maharashtra.

19. Unclaimed Dividend:

- (1) Pursuant to Section 205A of the Companies Act, 1956, unclaimed dividends up to and including the financial years 1993-1994 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not encashed their dividend warrants relating to any financial year up to 1993-1994 are requested to claim the amounts from the Registrar of Companies, Gujarat, ROC Bhavan, Near Ankur Bus Stand, Naranpura, Ahmedabad 380 013 in the prescribed form. Investors may write to the Secretarial Department of the Company or the Registrars and Transfer Agents for a copy of the form.
- (2) Pursuant to the provisions of Section 205A (5) of the Companies Act, 1956, dividends on equity shares for the financial years 1994-1995 to 1997-1998 remaining unclaimed for 7 years from their due dates have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. Shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amount of unclaimed or unpaid dividend transferred to IEPF.
- (3) The Company did not declare any dividends on equity shares for the financial years 1998-1999 to 2003-2004.
- (4) The dividends on equity shares for the following years remaining unclaimed for 7 years from the dates of declaration are required to be transferred by the Company to IEPF and the various dates for transfer of such amounts are as under:

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

* Actual dates of transfer to IEPF may vary.

Members who have so far not encashed their dividend warrants in the respect of the above years are requested to claim their dividend from the Company. Such members may write to the Company's Registrars and Transfer Agents, Sharepro Services (India) Pvt. Ltd. for payment of unclaimed dividend amount.

- (5) The Company did not declare any dividends on equity shares for the financial years 2006-07 to 2010-11.

20. Nomination Facility:

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

21. Address for correspondence:

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

| | |
|--|---|
| Arvind Limited Secretarial Department Naroda Road, Ahmedabad - 380 025. Phone Nos: 079-30138000/30138108-9 Fax No.: 079-30138668 e-mail: investor@arvind.com Web-site address: www.arvind.com | Sharepro Services (India) Pvt. Ltd. Registrars and Transfer Agents 416-420, 4th Floor, Devnandan Mall, Opp.Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006 Contact Persons: Ms. Bharti Parikh Phone Nos.: 079-26582381-to 84 Fax No.: 079-26582385 e-mail: sharepro.ahmedabad@shareproservices.com |
|--|---|

The above Report has been placed before the Board at its meeting held on 9th May, 2012 and the same was approved.

Compliance of conditions of Corporate Governance

To the Members of Arvind Limited Ahmedabad

We have examined the compliance of conditions of Corporate Governance by ARVIND LIMITED for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

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

Ahmedabad
9th May, 2012

CEO/CFO Certification

The Board of Directors
Arvind Limited
Ahmedabad.

Re : Financial Statements for the year 2011-12 – Certification by CEO and CFO

We, Sanjay S. Lalbhai, Chairman & Managing Director and Jayesh K. Shah, Director & Chief Financial Officer of Arvind Limited, on the basis of review of the financial statements and the cash flow statement for the financial year ending 31st March, 2012 and to the best of our knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2012 which are fraudulent, illegal or violative of the Company's Code of Conduct;
4. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies;
5. We further certify that :
 - (a) there have been no significant changes in internal control during this year;
 - (b) there have been no significant changes in accounting policies during this year;
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

Ahmedabad
May 9, 2012

SANJAY S. LALBHAI
Chairman & Managing Director

JAYESH K. SHAH
Director & CFO

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

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

I confirm that the Company has in respect of the Financial Year ended 31st March, 2012, received from the Members of the Board and Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

Ahmedabad
May 9, 2012

SANJAY S. LALBHAI
Chairman & Managing Director

Management Discussion & Analysis

DISCLAIMER

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

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

OVERVIEW OF THE ECONOMY

Year 2011-12 witnessed a confluence of multiple domestic and global factors impacting the macro-economic scenario in India which negatively affected the image of the country as an attractive investment destination in the short term. The factors varied from, lack of consensus within the government for pushing reforms, large fiscal slippage, deterioration in governance, persistently high WPI inflation for majority of the year, to turmoil in the euro zone and questionable outlook of the US economy. All these conflicting demands created a significant challenge for the RBI and government to balance between managing growth and achieving price stability, resulting in a lower GDP growth rate for 2011-12 estimated to be around sub-7% level from a consistent high of 8.4% for the preceding two years.

As we step into a new financial year 2012-13, the consumer sentiments have still not fully recovered from the multiple shocks of last year despite ease in various parameters i.e. WPI inflation has dropped sharply in Q1’2012 and expected to remain in a 6-7% range through 2012, repo rate cut by RBI signalling shift in focus from controlling inflation to fuelling growth and increase in rural income supported by government programs. However despite current weaker sentiments, the long term economic growth potential of India remains intact due to strength of growing middle-income population, continued focus on economic reforms despite slow progress and an attractive investment destination for global investors.

As per NCAER estimates, Indian economy is expected to grow at 7.3% in the coming year 2012-13 depending on the level of rebound in domestic investment, buoyancy in consumer sentiments and key policy reform signals. Several risks may arise to pose significant challenge to the improving growth momentum like unfavourable monsoon or constrained food supply due to procurement bottlenecks may keep domestic food price inflation high at around 9% in 2012, increased subsidy from the food security bill, continued INR depreciation and a worsened economics of the euro zone.

Due to shortage of demand in Europe and the US, it is expected that India’s exports growth rate is likely to fall from 21% in 2011-12 to 13.2 % in 2012-13

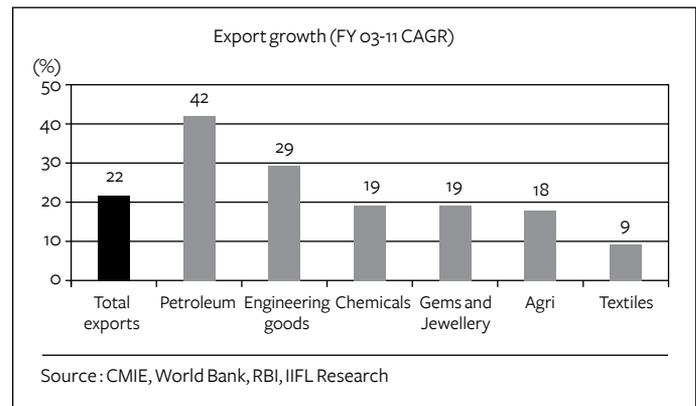
Indian Textile Industry

The Indian textile industry is likely to grow by 16 percent this year and could reach US\$ 115 billion by 2012-end, according to a recent report released by

Assocham. The domestic market is likely to increase from ₹ 34.6 billion to ₹ 60 billion by 2012. India’s share of global textile exports is poised to increase from current 4% to around 7% over the next three years. The Synthetic and Rayon Textile Export Promotion Council (SRTEPC) has set a target to more than double the export of man-made textile from the country. Globally, the man-made fibre trade accounts for 60% of the total trade in textiles. SRTEPC plans to increase exports to ₹ 6.2 billion by capturing 4% market share by 2012.

India’s textile industry, which chiefly consists of ginning, spinning, weaving and processing industries, contributes 4 percent to the country’s GDP, about 14 percent to the total industrial production, and accounts for about 17 percent of the country’s foreign exchange earnings. The US and the EU nations account for almost two-thirds of India’s textile exports. The other major destinations are Bangladesh, Turkey, Japan, South Korea, Canada, Saudi Arabia and UAE. In order to keep the textile industry competitive and world class, there is a periodic need for installing new machinery, adopting latest technology, and improving availability of accessories.

At a macro-level, Indian exports growth have shown remarkable diversification and strength over the past few years with Textiles registering a CAGR (FY03-11) of 9%, indicating the rising competitiveness of India’s textile sector.



However, during the same period FY03-11, the share of textile exports in the overall export basket has fallen from 21% to 9% indicating the increasing competitive pressures that the country is facing from other exporting nations particularly China and Pakistan.

Cotton

For the new cotton season (Nov’11 – Oct’12), Cotton Advisory Board has estimated the domestic acreage at 122 Lakhs hectares leading to a production of 356 Lakhs bales, as against 325 Lakhs bales from 103 Lakhs hectares in 2010-11. Additionally, the price of cotton has stabilized at around Rs 35,000 per candy after touching a high of ₹ 67,000 during early part of 2011. It is likely that Government of India may announce higher minimum support price for cotton for the coming season. This along with permission to export cotton more freely may result in increase in cost of cotton for the coming season.

Indian Rupee Depreciation Improves Export Earnings

The depreciation of the Indian rupee against the US dollar and euro since August 2011 improved India’s competitive positioning in the export market, as currencies of competitors depreciated by lower rate or appreciated

during the same period. Therefore, should the trend remain the effect will be positive on the rupee revenue of exporters. However, the benefit would be offset for companies with forex debt, or higher percentage imports of raw material over product exports. While rupee depreciation is considered good for net foreign exchange earners, very sharp volatility that was witnessed in second half of 2010-11 and which is being witnessed from April 2012, makes it very difficult for exporters to, on one hand, hedge the future foreign currency earnings and the other hand manage foreign currency debt.

Textile Outlook

Going forward, textile exports faces both positive and negative factors, like depreciating rupee and decreasing cost competitiveness of China is going to give positive impetus to India exports while at the same time economic uncertainty in US and Europe and volatile global markets affecting demand and volatile foreign exchange rates and increase in minimum support price for cotton are likely to negatively affect revenue and margins for the textile industry.

Technology Upgradation Fund Scheme (TUFS)

The Technology Upgradation Fund Scheme (TUFS) launched in 1999, provides for interest Subsidy and capital subsidy and has been important tool to infuse financial support to the textiles industry and help it capitalize on the vibrant and expanding global and domestic markets, through technology upgradation, cost effectiveness, quality production, efficiency and global competitiveness.

TUFS which was suspended earlier and had been reintroduced on 28th April 2011 has expired on 31st March 2012 and currently industry is unclear about when and how the same will be resumed. This has led to uncertainty about cost of borrowing for ongoing and planned investments in textile sector.

Indian Retail Market

Organized retail in India is gaining momentum. The size of India's retail market is large at ₹ 22.2 trillion (March, 2011), within which organized retail has a low share of ₹ 1.6 trillion, i.e., a penetration rate of 7.1%. Over the past four years, the size of the organized retail market has risen at a CAGR of 19.3% and its penetration rate has increased to 8.2% as per analyst estimates. Apparel as a category commands nearly 7% of the wallet share of the average consumer.

Organised Indian retail market which was growing at about 15%-20% for past few years has slowed down after Diwali festive season last year due to overall slowdown in economy and a very steep increase in prices of products due to sharp increase in prices of fabrics on account of cotton cost increase and introduction of excise by Central Government in 2011. Although cotton prices have reduced in recent past, the retail industry is still left with the expensive inventory which will continue to exert pressure on margins for coming few quarters.

RESULT REVIEW

The Financial year 2011-12 was extremely challenging year for our company. The year was characterized by global slowdown, weak retail demand at home, high volatility in cotton prices and foreign exchange and higher interest cost. It is satisfying to note that in the backdrop of such a challenging environment, our Company has closed the financial year 2011-12 with 30% growth in sales and 45% growth in Operating Earnings before Interest Depreciation and Taxes. (Operating EBITDA). PAT (excluding Exceptional Income) has shown a growth of 75% compared to the previous year.

The Standalone Financials of the company is as under:

| Particulars | For Year Ended on | | | |
|---|-------------------|------------|--------------------|------------|
| | March 31, 2012 | | March 31, 2011 (*) | |
| | Amount | % of Sales | Amount | % of Sales |
| Revenue from operations (Net) | 3,494 | | 2,683 | |
| Other Income | 136 | | 52 | |
| Total Revenue | 3,630 | | 2,735 | |
| Cost of materials & accessories consumed | 1,569 | 45% | 1,290 | 48% |
| Purchases of Stock in Trade | 37 | 1% | 31 | 1% |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 4 | 0% | (88) | -3% |
| Employee benefits expense | 361 | 10% | 274 | 10% |
| Other expenses | 1,022 | 29% | 790 | 29% |
| Total Expenses | 2,993 | 86% | 2,297 | 86% |
| EBITDA | 637 | 18% | 438 | 16% |
| Depreciation and amortization expense | 131 | 4% | 116 | 4% |
| Finance costs | 270 | 8% | 187 | 7% |
| Profit before extraordinary items and tax | 236 | 7% | 135 | 5% |
| Extraordinary Items | 252 | | - | |
| Profit before Tax | 488 | 14% | 135 | 5% |
| Tax expense: | 54 | | - | |
| Profit After Tax | 434 | 12% | 135 | 5% |

NOTE: (*) Figures of March 31, 2011 as published in the Annual Report 2010-11, are revised as per the Revised Schedule IV requirement.

Revenue, Sales and Operating Income

Total Revenue of the Company under review increased by 33% compared to previous year. Sales and operating income also increased by 30%. Company's Fabric Revenue from Denim and Shirting & Khakhi Business shown a growth of 18% and 13% respectively in terms of Sales, Volume remaining stable. Other income aggregating to ₹ 136 Crs. is mainly consisting of Profit on Sale of Land, Scrap Income & Interest Income.

Raw Materials

The raw material cost in absolute terms has increased by around 22% compared to the previous year. But the raw material cost, as a percentage to sales, reduced by 3% during the year. In this scenario of rising price, Company is able to keep its Raw-material to Sales Ratio intact because of higher unit sale price realization, improved buying efficiency and correctly timing the market. Further economies of scale and blending of various types of yarns helped in achieving the same. In addition to this because of robust demand, company is able to pass through the increase in the prices of Cotton and yarn to its customers.

Direct Materials

The direct materials largely include Dyes & Chemicals & Spare parts which were marginally higher than last year at Rs 251 Crores, showing an increase by 30% in absolute terms due to change in the product mix and appreciation of rupee during the year.

Power & Fuel cost this year has gone up by 43% in absolute value owing to the increased overall volume of the company as well as there has been a continuous rise in prices of Gas as well as power.

Manpower Cost

The Manpower cost for the year is higher by 32% in absolute value; however, as a percentage to Sales, it was constant at 10% compared to previous year. On account of larger volume consequent to addition of new capacity and several other initiatives being taken by the Company, Manpower Cost in proportion to Sales will reduce in the coming years.

Other Costs

The other costs have gone up by 14% in absolute terms in tandem with revenue growth. However as a percentage to sales, it has remained more or less constant.

Operating Margins (Profit)

During the year under review, company's EBITDA margin increased from 16% in the previous year to 18% in the current year. EBITDA margin has improved mainly on account of higher sale price realization and improved product & customer mix.

Finance Costs

The finance cost for the current financial year is ₹270 Crores as against ₹187 Crores for the previous financial year which has led to 44% rise in absolute terms. The foreign exchange Loss on account of FX rate changes was ₹18 Crores for the year compared to Profit of ₹5 Crores in the previous year. Finance Cost as a percentage to Sales marginally increased by 50 bps at 7.5%. There are two major reasons resulting in increase in the Interest cost. First being higher value of working capital consequent to increase in raw material cost and second being the tight monetary policy throughout the year, which kept the interest rate upward trending. But, on the other side, on account of improved financial and liquidity situation resulted in improved external credit rating to A- for long term & A2+ for short term, Company was able to better negotiate the interest rates with bankers.

Since around 33% of your Company's revenue is dollar denominated, it hedges its position in the foreign exchange market. Hence, for all decision making purposes, the dollar rate is frozen. The accounting standard requires restatement of all assets and liabilities at the exchange rate prevailing at the end of the quarter. Therefore, realized profit or loss on dollar denominated working capital borrowings are booked in the financial statements.

Depreciation

Depreciation as a percentage to sales has been constant at 4% during the current year.

Profit before Tax (PBT) and exceptional items

Profit before exceptional items & tax is ₹236 Crores compared to ₹135 Crores in the previous year, reflecting a 75% rise during the year. The significant increase is attributable mainly to increased volume, higher sales price realization and improved operating margins as a result of economies of the scale.

The exceptional item during the year is a profit on sale of stake in Joint Venture with VF Arvind Brands Private Limited of ₹252 Crores (before tax). After considering the exceptional income, Profit before Tax is ₹488 Crores. Tax expense for the year comes to ₹54 after providing for Capital Gain Tax on profit on sale of JV & MAT adjustment.

Net Profit (PAT)

Profit After Tax stood at ₹434 Crores in the current financial year compared to ₹135 Crores in the previous year.

Debt

The debt of the Company for the current year (including due within one year) stands at ₹1770 Crores against ₹1812 Crores last year.

Working Capital & Liquidity

The Current Assets during the year has gone down by 4% in absolute terms & Current Liabilities has gone up by 11% in absolute terms. The changes are consequent to Revised Schedule VI requirements for presentation of assets and liabilities in to current and non-current items.

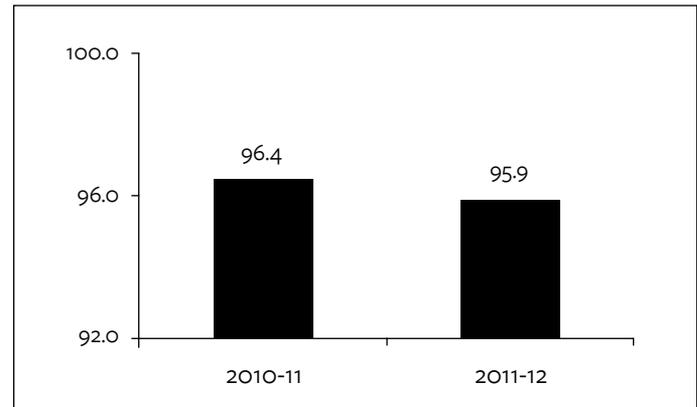
BUSINESS REVIEW & DEVELOPMENTS

Denim

Amidst the challenging macro-economic scenario, Denim business has achieved satisfactory performance in the year 2011-12. The Total Revenue for Denim registered growth of 18%, the Volume remaining almost stable.

During the year the management focus was on improving the operating profitability of the business. Several initiatives were taken for improving product and customer mix so as to achieve higher contribution per meter. As part of ongoing product innovation initiatives, Company is developing several differentiated products to remain ahead of the competition.

Denim Volume :



Operational Improvements:

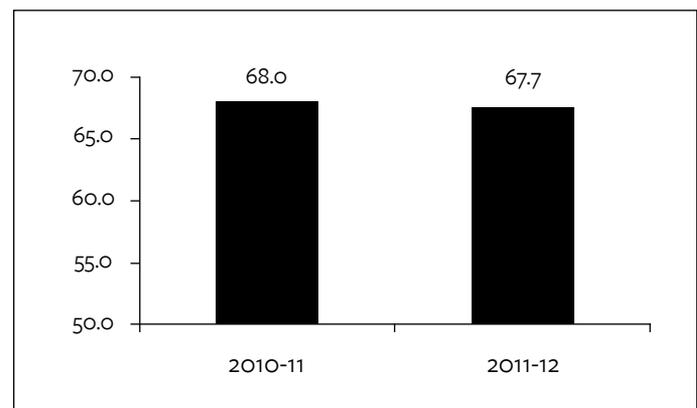
An Operation Excellence drive is launched for improving productivity and manufacturing costs. This has led to reduction in lead time, improvement in throughput and reduction of rejections. Further several IR initiatives were taken during the year for fostering healthy work practices and motivating shop-floor environment. Udaan, high performance, high potential development program for junior management staff has helped identify, build and develop a talent pool to move into lateral cross functional roles, enabling leveraging of talent.

Currently Company is witnessing strong demand for Denim and hence has strong positive outlook.

Shirting & Khakhi Fabrics

The Total Revenue for Shirting & Khakhi registered growth of 11%, the Volume remaining almost stable. US market continues to contribute in shirting export business and having YoY growth of more than 14% in the current financial year.

Shirting & Khakhi Volume in million meters:



The Company has made foray in Bangladesh retail market for shirting fabric and has received very encouraging response in the short time. The Company is also witnessing strong growth in women's wear segment. Retailing the shirting fabrics under the brand name of "Arvind" shows

lot of potential for the growth. The outlook for Shirting fabric business continues to remain positive.

Exchange Rate

The Rupee which was 44.22 in April 2011 remained volatile upto July 2011 and then constantly depreciated from 46.09 in August 2011, 48.98 in September 2011, 52.21 in November 2011 to 53.11 in December, 2011. It started recovering at 49.45 in January, 2012 & then 49.01 in February 2012. At the year end, it was 50.88. The Company had taken forward cover on net dollar exposure and the average exchange rate for the entire year was in range of ₹ 47.50 to a US dollar.

SUBSIDIARIES

Arvind Lifestyle Brands Limited & Arvind Retail Limited:



Arvind Lifestyle Brands Ltd.

During the year 2011-12 Branded Apparel business which recorded sales of ₹ 669 crores against a sale of ₹ 415 crores in the previous financial year clocking a growth of 61%. EBIDTA grew by 50% at ₹ 56 crores.

During the year Company added 1.16 Lakhs sq. ft. of retail space by opening new 124 stores. Arrow and Flying machine continued its upward journey

by growing at 35% and 27% respectively. US Polo with growth of 185% is emerging as one of the fastest growing international apparel brand in India. Gant and IZOD the other two international brands continue to grow. During the year the Company successfully launched yet another brand "Elle".

Arvind Retail Ltd.

The retail business grew by 37% at ₹ 523 crores. Currently there are 216 Mega-Mart stores with 6.92 Lakhs sq ft of retail space.

The year 2011-12 was extremely challenging year. The operating margins were under severe pressure on account of higher cotton prices leading to increased COGS and also on account of levy of excise duty on branded garments. In order to improve its pricing power now MEGAMART is being repositioned from "discount" to "value retail" model.

Anup Engineering Limited

Anup Engineering Limited is engaged in engineering and fabrication business listed on Ahmedabad Stock Exchange. The company's revenue fell by 19% and EBIDTA fell by 37%.

OUTLOOK

The Company is witnessing strong demand in the international markets especially for Denim. However domestic retail market is sluggish which is likely to keep demand for woven fabrics muted. The sluggish retail demand may affect the growth of MEGAMART. At the same time the brands like Arrow & US Polo continues to show lot of promise for growth. The sharp rupee depreciation could lead to pressure on fabric prices and since the Company has hedged FX exposure around ₹ 51 to USD. Sharp depreciation of INR against USD may put downward pressure on unit price realisation in USD terms affecting the margins adversely. The depreciation of currency, freeing of exports and increase in minimum support price may push up cotton prices and yarn prices.

Under the above scenario, the Company is expecting revenue growth of about 12-14% for the year 2012-13. The Textiles business may achieve volume 14-16%, where as Brands & Retail business may clock volume growth of 15% to 18%. The Revenue growth will be lower as products prices have been reduced following reduction in input cost.

Strategy and Programmes for “Corporate Social Responsibility” 2011-12

The Strategic Help Alliance for Relief to Distressed Area (**SHARDA Trust**) and Narottam Lalbhai Rural Development Fund (**NLRDF**) are the company's arms for carrying out the CSR Programmes. SHARDA & NLRDF have been active in improving the quality of life of the **urban poor & rural poor** respectively.

SHARDA Trust's Programmes

The programme carried out during the year 2011-12 is our ambitious education programme “**Gyanda – Fountain of knowledge**” that the company launched in 2006 to improve the quality of education poor children receive. Through the programme **Gyanda**, the Trust has been actively teaching English, Computers and Mathematics to the students of standard V, VI & VII. It is strongly felt that without understanding of these subjects, a child would be a misfit in the contemporary world. The programme aims to track student's performance for six to eight years, ensure that the bright and interested students complete their education well and hope that it is **the last generation in poverty for them**.

The year 2012 marks the completion of six years as our first batch of students appeared for class XI exams. The programme is six years old now. Our first batch that started in 2006 from standard V, will reach to standard XII in June 2012. As envisaged, the immediate benefit is visible now as the children complete their school education. This will help them in having a career and their chances of coming out of poverty are now very bright.

There are about 1200 students associated with this programme across standard V to XII. Because of our rich experience, the number is expected to reach to 1500 by 2014-15 as our conversion ratio from Class V to VIII has almost doubled and we have added class XI & XII in the programme. Along with our three Gyanda primary education centres, we now have two more secondary education centres.

For the CSR team, it is a beginning of a new era. This, we believe, will lead to Expansion of the present Gyanda Programme and setting up of an education & vocational education model for the students completing Gyanda programme.

NLRDF's Programmes

NLRDF directly intervenes in the development process at the village level

through specifically designed programmes and works efficiently with rural poor for their upgradation and development. The present operational area includes 12 districts of Gujarat state reaching out to a beneficiary population of about 25000. NLRDF has been working with the strategy of linking of government programmes with the rural poor and thereby increasing the efficiency and the effectiveness of the delivery process. The Entrepreneurship programmes for Widows, programmes for HIV / AIDS awareness & control, programmes for improving the level of health and nutrition among the non-school going and school going girls and skill upgrading programmes for the rural poor are some of the programmes that NLRDF undertook during 2011-12.

In India, widows need special attention and care as the social and cultural paradigms do not support their respectable survival. In order to accomplish widow's needs and requirements, NLRDF closely works with Government Agencies and facilitates the implementation of Entrepreneurship program for widows. The biggest benefit that our trainee widows get is the self confidence. Another noticeable gain from this program is that they could step out of their houses confidently, which they could not do earlier. NLRDF also teaches them basic management principals, which help them to identify the market segment, target customers, book keeping, costing of the products and product selection which help them yield a long term return on investment. Considering our excellent performance for last five years the Government of Gujarat awarded highest target in Gujarat to NLRDF of training widows in 6 districts of Gujarat in one year. Accordingly during the year 2011-12, 1111 widows of 6 districts were trained.

The NLRDF has also worked for HIV/AIDS control under National Aids Control Program since 2003 in Sabarkantha district. The aims of the project are envisaged as to half and reverse the epidemic in India over five years. The intervention provides services to Core population i.e. FSW and MSM through Behavioural Change Communication, Counselling, STD treatment and Enabling environment and Referral and linkages. The efforts of the Trust have been recognized by the Expert External Evaluators of the program which lead to our inclusion among top 3 NGOs in the state.

NLRDF has also trained 30 tribal youths in Masonry work and a kit for mason work was provided after training resulting into immediate income generation.

Auditors' Report

TO THE MEMBERS OF ARVIND LIMITED

1. We have audited the attached Balance Sheet of **ARVIND LIMITED** ("the Company"), as at March 31, 2012, Statement of Profit and Loss and also the Cash Flow Statement of the Company for the year ended on that 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 auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 ("Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. As mentioned in Note No. 43 in respect of early adoption of Accounting Standard (AS) - 30 on 'Financial Instruments: Recognition and Measurement' issued by the Institute of Chartered Accountants of India and the clarification issued on Application of AS 30, the Company has measured all its Financial Assets and Liabilities at their respective Fair Values or at Amortised Cost except for those items whose accounting treatment is covered by the existing accounting standards notified by Companies (Accounting Standard) Rules, 2006. Accordingly, the carrying amount of Long Term Borrowings would have been lower by Rs. 1 Crore and carrying value of Hedge Reserve would have been higher by Rs. 98.25 Crores.
5. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 and Accounting Standards (AS) - 30 on 'Financial Instruments: Recognition and Measurement' issued by the Institute of Chartered Accountants of India (ICAI) as mentioned in paragraph 4 above;
 - v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - (b) In the case of the Statement of Profit and Loss, of the profit 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.

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

CA. N. D. Anklesaria
Partner

Membership No. 10250

Ahmedabad
May 9, 2012

Annexure to the auditors' report

Re: ARVIND LIMITED

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

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
- (c) In our opinion and as per the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and going concern status of the Company is not affected.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with.
- (iii) The Company has not granted/taken any loans secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies

Act, 1956. Consequently, requirement of clauses (iii,b), (iii,c), (iii,d), (iii,e), (iii,f) and (iii,g) of paragraph 4 of the order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

(v) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there were no contracts or arrangements that need to be entered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, requirement of clauses (v,a) and (v,b) of paragraph 4 of the order are not applicable.

(vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vii) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.

(viii) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of these records with a view to determine whether they are accurate and complete.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

(b) There are no undisputed amounts outstanding as at March 31, 2012 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, 2012 on account of any dispute :

| Nature of Statute | Nature of the dues | Rs. in Crores | Period to which the amount relates | Forum where matter is pending |
|--------------------|--------------------|---------------|---|--|
| Sales Tax Act | Sales Tax | 11.51 | 1998-1999, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2007-2008 | High Court |
| | | 0.05 | 2002-2003, 2003-2004 | Appellate Tribunal |
| | | 2.23 | 2006-07 | Joint Commissioner Commercial Tax (Appeal) |
| | | 0.90 | 2006-07 | Joint Commissioner Commercial Tax (Appeal) |
| Central Excise Act | Excise Duty | 9.91 | 2000-2001, 2001-2002 | High Court |
| | | 5.75 | 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2008-2009 | CESTAT |
| | | 9.18 | 1999-2000 to 2000-2001 | Supreme Court |
| | | 5.47 | 2000-2001, 2001-2002, 2002-2003 | Tribunal |

| Nature of Statute | Nature of the dues | Rs. in Crores | Period to which the amount relates | Forum where matter is pending |
|-------------------|--------------------|---------------|--|-------------------------------|
| Customs Act | Custom Duty | 0.05 | 2005-06, 2006-07, 2007-08 | Joint Commissioner |
| Finance Act | Service Tax | 0.61 | 2004-2005, 2005-2006, 2006-2007, 2007-2008 | Additional Commissioner |
| | | 0.05 | 2005-2006, 2006-2007 | Assistant Commissioner |
| | | 0.47 | 2004-2005, 2005-2006 | CESTAT (Appeal) |
| | | 0.04 | 2004-2005, 2005-2006, 2006-2007, 2007-2008 | Commissioner |
| Income Tax Act | Fringe Benefit Tax | 0.21 | 2005-2006 | ITAT |
| | Income Tax | 13.97 | 2000-2001, 2002-2003, 2003-2004, 2004-2005, 2005-2006, 2006-2007 | CIT Appeal |

(x) The Company has neither any accumulated losses nor has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause (xiv) of paragraph 4 of the order are not applicable.

(xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial Institutions are not prejudicial to the interest of the Company.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans obtained during the year were, prima facie, applied by the Company for the purpose for which they were obtained, other than temporary deployment pending application.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not prima facie, been used during the year for long-term investments.

(xviii) During the year, the Company has not made any preferential allotment of shares to persons covered in the register maintained under section 301 of the Act.

(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.

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

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

Ahmedabad
May 9, 2012

Balance Sheet as at 31st March, 2012

| | Note | As at March 31, 2012 | ₹ in Crores As at March 31, 2011 |
|--|------|-------------------------|--|
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share Capital | 3 | 258.04 | 254.40 |
| Reserves and Surplus | 4 | 1,762.15 | 1,541.11 |
| Non-current liabilities | | | |
| Long Term Borrowings | 5 | 707.35 | 793.78 |
| Deferred Tax Liabilities (Net) | 6 | 12.82 | 12.82 |
| Long Term Provisions | 7 | 49.51 | 7.18 |
| Current liabilities | | | |
| Short Term Borrowings | 8 | 895.95 | 805.89 |
| Trade Payables | 9 | 631.67 | 604.04 |
| Other Current Liabilities | 10 | 212.91 | 235.53 |
| Short Term Provisions | 7 | 94.57 | 4.45 |
| Total | | 4,624.97 | 4,259.20 |
| Assets | | | |
| Non-current assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 11 | 2,262.84 | 1,978.05 |
| Intangible Assets | 12 | 6.22 | 6.94 |
| Capital Work-in-progress | | 179.10 | 80.78 |
| Non-current Investments | 13 | 337.11 | 326.34 |
| Long Term Loans and Advances | 14 | 189.21 | 152.30 |
| Other Non-current Assets | 15 | 5.70 | 9.12 |
| Current assets | | | |
| Inventories | 16 | 728.42 | 699.16 |
| Trade Receivables | 17 | 405.55 | 563.63 |
| Cash and Bank Balances | 18 | 39.37 | 29.09 |
| Short Term Loans and Advances | 14 | 214.75 | 287.63 |
| Other Current Assets | 15 | 256.70 | 126.16 |
| Total | | 4,624.97 | 4,259.20 |
| 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

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

Ahmedabad
May 9, 2012

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Statement of Profit and Loss for the year ended on 31st March, 2012

| | Note | Year ended March 31, 2012 | ₹ in Crores Year ended March 31, 2011 |
|---|------|------------------------------|---|
| Revenue from operations (Gross) | 21 | 3,511.87 | 2,685.32 |
| Less: Excise Duty | | 17.75 | 2.06 |
| Revenue from operations (Net) | | 3,494.12 | 2,683.26 |
| Other Income | 22 | 135.81 | 52.07 |
| Total Revenue | | 3,629.93 | 2,735.33 |
| Expenses: | | | |
| Cost of materials and accessories consumed | 23 | 1,568.76 | 1,290.15 |
| Purchases of Stock in Trade | 24 | 37.40 | 31.10 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 25 | 4.28 | (87.90) |
| Employee benefits expense | 26 | 360.51 | 273.90 |
| Finance costs | 27 | 270.25 | 187.23 |
| Depreciation and amortization expense | 28 | 130.51 | 116.16 |
| Other expenses | 29 | 1,021.93 | 789.89 |
| Total Expenses | | 3,393.64 | 2,600.53 |
| Profit before exceptional and extraordinary items and tax | | 236.29 | 134.80 |
| Exceptional items | | - | - |
| Profit before extraordinary items and tax | | 236.29 | 134.80 |
| Extraordinary Items | 30 | 251.80 | - |
| Profit before Tax | | 488.09 | 134.80 |
| Tax expense: | | | |
| Current Tax | | 85.15 | 26.84 |
| MAT Credit Entitlement | | (31.29) | (26.84) |
| Profit for the year | | 434.23 | 134.80 |
| Earnings per equity share | 35 | | |
| (Nominal Value per Share ₹ 10/- (Previous year Rs. 10/-): | | | |
| Before Extraordinary Items | | | |
| Basic | | 9.16 | 5.64 |
| Diluted | | 9.16 | 5.63 |
| After Extraordinary Items | | | |
| Basic | | 16.83 | 5.64 |
| Diluted | | 16.83 | 5.63 |
| 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

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

Ahmedabad
May 9, 2012

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Cash Flow Statement for the year ended on 31st March, 2012

₹ in Crores

| | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before taxation | 488.09 | 134.80 |
| Adjustments for: | | |
| Depreciation/Amortization | 130.51 | 116.16 |
| Interest Income | (15.56) | (4.39) |
| Interest Expenses | 245.77 | 170.12 |
| Dividend Income | (0.56) | (0.52) |
| Share of Profit in LLP | (1.45) | - |
| Bad Debts Written Off | 0.32 | 0.09 |
| Provision for Diminution in value of Investments | 6.48 | - |
| Provision for Bad Debts | - | 0.34 |
| Sundry Debit Written off | 1.19 | 6.10 |
| Sundry Credit Balances Appropriated | (2.83) | (0.15) |
| Foreign Exchange Gain | (0.17) | (5.21) |
| Fixed Assets written off | 2.01 | 0.33 |
| Profit on Sale of Land held for sale | (67.40) | - |
| Profit on Sale of Tangible/Intangible assets | (24.53) | (30.12) |
| Loss on sale of Investment | 1.57 | 0.10 |
| Extra Ordinary Item | (251.80) | - |
| Operating Profit before Working Capital Changes | 23.55 | 252.85 |
| Working Capital Changes: | 511.64 | 387.65 |
| Changes in Inventories | 106.78 | (287.41) |
| Changes in trade payables | (260.10) | 188.36 |
| Changes in other current liabilities | 19.07 | 6.16 |
| Changes in provisions | 2.61 | 3.65 |
| Changes in loans and advances | (60.27) | 93.57 |
| Changes in trade receivables | 208.90 | (139.90) |
| Changes in Other assets | (84.75) | 9.76 |
| Changes in Other Bank Balances | (6.80) | (0.01) |
| Net Changes in Working Capital | (74.56) | (125.82) |
| Cash Generated from Operations | 437.08 | 261.83 |
| Direct Taxes paid (Net of Income Tax refund) | (73.11) | (24.87) |
| Net Cash Flow from Operating Activities | 363.97 | 236.96 |
| B Cash Flow from Investing Activities | | |
| Purchase of tangible/intangible assets | (333.93) | (159.65) |
| Sale of tangible assets | 126.48 | 111.61 |
| Sale of Land held for sale | 98.78 | - |
| Change in Long Term Investments | (77.57) | (3.87) |
| Changes in Loans given | 11.33 | (6.52) |
| Dividend Income | 0.56 | 0.52 |
| Share of Profit in LLP | 1.45 | - |
| Interest Income | 15.07 | 4.23 |
| Net cash flow before Extra Ordinary Item | (157.83) | (53.68) |
| Proceeds from Sale of Investment in Joint Venture | 257.27 | - |
| Net cash flow from Investing Activities | 99.44 | (53.68) |
| C Cash Flow from Financing Activities | | |
| Issue of Share Capital | 0.23 | 14.91 |
| Amalgamation Adjustments | 0.00 | - |
| Securities Premium received | 0.11 | 11.13 |
| Changes in long term Borrowings | (216.23) | (78.38) |
| Changes in short term borrowings | 0.93 | 24.82 |
| Interest Paid | (259.18) | (169.82) |
| Net Cash flow from Financing Activities | (474.14) | (197.34) |
| Net Increase/(Decrease) in cash & cash equivalents | (10.73) | (14.06) |
| Cash & Cash equivalents at the beginning of the period | 23.32 | 37.38 |
| Add: Adjustment on Amalgamation | 14.21 | - |
| | 37.53 | 37.38 |
| Cash & Cash equivalents at the end of the period | 26.80 | 23.32 |

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

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

Ahmedabad
May 9, 2012

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Notes to Financial Statements

1. COMPANY BACKGROUND

Arvind Limited is one of the India's leading vertically integrated textile companies with the presence of almost eight decades in this industry. It is among the largest denim manufacturers in the world. It also manufactures a range of cotton shirting, denim, knits and bottom weights (Khakis) fabrics and Jeans and Shirts Garments. Arvind, through its subsidiary company Arvind Lifestyle Brands Limited, is marketing in India the branded apparel under various brands and is also licensee in India for various international brands. The brands portfolio of the company includes International brands like Arrow, US Polo, Izod, Elle, Cherokee etc. Through another subsidiary company, Arvind Retail Limited, Arvind operates apparel Value Retail stores MEGAMART. Arvind also has the presence in Telecom business directly and through joint venture companies.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) ACCOUNTING CONVENTION

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

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

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

(B) INFLATION

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

(C) REVENUE RECOGNITION

(C.1) Sales and operating income includes sale of products, by-products and waste, income from job work services and gain or loss on forward contracts. Sales are recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Sales are stated net of returns, excise duty &

Sales Tax/VAT. Export incentives are accounted on accrual basis at the time of export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

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

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

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

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

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

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

(D) VALUATION OF INVENTORY

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

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

(E) FIXED ASSETS & DEPRECIATION

Tangible Assets

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

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

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

Notes to Financial Statements

- (E.4) Depreciation on Revalued Fixed Assets is calculated on the residual life of the assets or as per rates specified in the Schedule XIV to the Companies Act, 1956 whichever is higher.
- (E.5) Additions to fixed assets after 1st October 2006 have been stated at cost net of CENVAT wherever applicable.
- (E.6) Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under capital work-in-progress, pending capitalization.
- (E.7) Depreciation on Fixed Assets is provided, pro rata for the period of use, on Straight Line Method (SLM), as per rates specified in the Schedule XIV to the Companies Act, 1956 except for the following which are based on management's estimate of useful lives of the fixed assets:
Car Vehicles: 20%; Leasehold Improvements: 10%
- (E.8) Depreciation on impaired asset is provided on the asset's revised carrying amount, over its remaining useful life.
- (E.9) Depreciation on exchange rate difference capitalized is provided over the balance life of the assets as per the notification dated 31st March, 2009 as amended from time to time issued by the Ministry of Corporate Affairs.
- (E.10) Individual assets costing less than ₹ 5,000/- have been fully depreciated in the year of purchase on prorata basis.
- (E.11) Revaluation Reserve on Assets sold is transferred to General Reserve.

Intangible Assets

- (E.12) Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its value/cost can be reliably measured.
- (E.13) The Company capitalizes software and related implementation costs where it is reasonably estimated that the software has an enduring useful life.
- (E.14) Software is depreciated over management estimate of its useful life of 5 years and Patent/Knowhow is depreciated over its useful validity period.

(F) IMPAIRMENT OF ASSETS

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

(G) INVESTMENTS

- (G.1) Investments are classified as Long Term Investments and Current Investments. Long term investments are stated at cost less permanent diminution in value, if any. Current Investments are stated at lower of cost and net realizable value.
- (G.2) Investments in subsidiaries are valued at cost less any

provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

- (G.3) Investment property: Investment in buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation.

(H) FOREIGN CURRENCY TRANSACTIONS

- (H.1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (H.2) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- (H.3) Non-monetary foreign currency items are carried at cost.
- (H.4) All long term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the year have been restated at the rate prevailing at the balance sheet date. The difference arising as a result has been added to or deducted from the cost of the assets as per the notification issued by the Ministry of Corporate Affairs dated March 31, 2009. Exchange rate difference on other long term foreign currency loans is carried to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized up to the period of loan or up to March 31, 2020 whichever is earlier.
- (H.5) Any income or expense on account of exchange difference either on settlement or on translation other than as mentioned in (H.4) above is recognised in the Statement of Profit and Loss.
- (H.6) Expenses of overseas offices are translated and accounted at the monthly average rate.

(I) DERIVATIVES & COMMODITY HEDGING TRANSACTIONS

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

Notes to Financial Statements

when the portion of the gain or loss is determined to be an ineffective hedge.

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

(J) EMPLOYEE BENEFITS

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

(K) BORROWING COST

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds. It is calculated on the basis of effective interest rate in accordance with Accounting Standard (AS) -30 and considered as revenue expenditure and charged to Statement of Profit and Loss for the year in which it is incurred except for borrowing costs attributed to the acquisition/ improvement of qualifying assets up to the date when such assets are ready for intended use which are capitalised as a part of the cost of such asset.

(L) LEASE ACCOUNTING

- (L.1) Assets acquired under Finance Lease are segregated from the assets owned and recognized as asset at an amount equal

to the fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments whichever is lower with corresponding outstanding liability.

- (L.2) Lease rental payable on such finance lease has been apportioned between finance charge and the reduction in the outstanding liability. The finance charge has been allocated to periods during the lease term so as to produce constant periodic rate of interest on the remaining balance of liability for each period.
- (L.3) Lease Rentals for assets acquired under operating lease are recognised as an expense in Statement of Profit & Loss on a straight line basis over the lease term.

(M) TAXES ON INCOME

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

(N) EARNING PER SHARE

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

(O) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

(P) CAPITAL ISSUE EXPENSES

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

Notes to Financial Statements

| | | As at March 31, 2012 | ₹ in Crores As at March 31, 2011 |
|--|--------------|-------------------------|--|
| 3 Share Capital | | | |
| Authorised Equity Shares | | | |
| 565,000,000 Shares (Previous Year 360,000,000) | | 565.00 | 360.00 |
| Par Value of ₹10/- per share | | | |
| Preference Shares | | | |
| 10,000,000 Shares (Previous Year 9,000,000) | | 100.00 | 90.00 |
| Par Value of ₹100/- per share | | | |
| | | 665.00 | 450.00 |
| Issued Equity Shares | | | |
| 254,633,441 Shares (Previous Year 254,400,941) | | 254.63 | 254.40 |
| Par Value of ₹10/- per share | | | |
| | | 254.63 | 254.40 |
| Subscribed and fully paid up Equity Shares | | | |
| 254,632,541 Shares (Previous Year 254,400,041) | | 254.63 | 254.40 |
| Par Value of ₹10/- per share fully paid up | | | |
| Forfeited Shares | | | |
| 900 Shares (Previous Year 900) | | | |
| (₹ 4,500/- originally paid up (Previous Year ₹ 4,500/-)) | | | |
| Equity Shares Suspense Account (Note 34) | | 3.41 | - |
| | | 258.04 | 254.40 |
| | Total | | |

a Reconciliation of Number of Equity Shares

| | As At March 31, 2012 | | As At March 31, 2011 | |
|--|----------------------|---------------|----------------------|-------------|
| | No. of Shares | ₹ in Crores | No. of Shares | ₹ in Crores |
| Balance at the beginning of the year | 254,400,041 | 254.40 | 231,977,541 | 231.98 |
| Add: | | | | |
| Shares allotted pursuant to conversion of warrants | - | - | 20,050,000 | 20.05 |
| Shares allotted pursuant to exercise of Employee Stock Option Plan | 232,500 | 0.23 | 2,372,500 | 2.37 |
| Balance at the end of the year | 254,632,541 | 254.63 | 254,400,041 | 254.40 |

b Rights, Preferences and Restrictions attached to Shares**Equity Shares:**

The Company has one class of shares referred to as equity shares having a par value of ₹ 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.

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

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|-------------------------------------|-------------------------|-------------------------|
| Aura Securities Private Limited | 8,57,38,882 | 8,52,38,882 |
| | 33.67% | 33.51% |
| Life Insurance Corporation of India | 1,65,58,953 | 1,65,58,953 |
| | 6.50% | 6.51% |

d Shares reserved for issue under the Scheme of Arrangement

Refer note 34 for details of shares to be issued under the Scheme of Arrangement

e Shares reserved for issue under options

Refer note 36 for details of shares to be issued under options

f Proposed Dividend

The final dividend proposed for the year is as follows:

Particulars

On Equity Shares of ₹ 10/- each

Dividend per Equity Share (₹)

Percentage of Dividend Proposed

| | As At March 31, 2012 | As At March 31, 2011 |
|--|-------------------------|-------------------------|
| | 1 | - |
| | 10% | - |

Notes to Financial Statements

4 Reserves and Surplus

Captial Reserve

Balance as per last financial statements

Add: Addition during the year

General Reserve

Balance as per last financial statements

Add: Amount transferred from Revaluation Reserve

Securities Premium Account

Balance as per last financial statements

Add: Addition during the year

Less: Utilised during the year

Debenture Redemption Reserve

Balance as per last financial statements

Less: Amount transferred to Surplus in Statement of Profit and Loss

Captial Redemption Reserve

Balance as per last financial statements

Revaluation Reserve (Note 11c)

Balance as per last financial statements

Add: Addition during the year

Less: Amount transferred to General Reserve

Less: Loss on Compulsory Acquisition adjusted

Hedge Reserve (Note 43)

Balance as per last financial statements

Add: Adjustment during the year (Net)

Investment Revaluation Reserve

Balance as per last financial statements

Add: Adjustment during the year (Net)

Surplus in Statement of Profit and Loss

Balance as per last financial statements

Add/(Less): Adjustments on Amalgamation

Profit of Amalgamated Company

Amount transferred to Statement of Profit and Loss on account of Amalgamation (Note 34)

Add: Profit for the year

Less: Appropriation

Proposed dividend on Equity Shares for the year

Dividend distribution tax on Proposed dividend on Equity Shares

Add :Transferred from Debenture Redemption Reserve

₹ in Crores
As at
March 31, 2011

| As at March 31, 2012 | As at March 31, 2011 |
|-------------------------|-------------------------|
| 26.71 | 26.65 |
| - | 0.06 |
| 26.71 | 26.71 |
| 5.79 | - |
| 20.37 | 5.79 |
| 26.16 | 5.79 |
| 653.43 | 662.55 |
| 0.11 | 11.13 |
| 653.54 | 673.68 |
| - | 20.25 |
| 653.54 | 653.43 |
| - | 0.90 |
| - | 0.90 |
| - | - |
| 69.50 | 69.50 |
| 305.86 | 80.67 |
| - | 230.98 |
| 305.86 | 311.65 |
| 20.37 | 5.79 |
| 0.67 | - |
| 284.82 | 305.86 |
| 31.89 | 33.29 |
| (130.14) | (1.40) |
| (98.25) | 31.89 |
| (2.19) | (7.53) |
| 2.19 | 5.34 |
| 0.00 | (2.19) |
| 450.12 | 314.42 |
| 1.62 | - |
| (56.31) | - |
| 395.43 | 314.42 |
| 434.23 | 134.80 |
| 829.66 | 449.22 |
| 25.80 | - |
| 4.19 | - |
| - | 0.90 |
| 799.67 | 450.12 |
| 1,762.15 | 1,541.11 |
| Total | |

Notes to Financial Statements

₹ in Crores

| 5 Long Term Borrowings | Non- Current portion | | Current Maturities | |
|---|-------------------------|-------------------------|---------------------------------|---------------------------------|
| | As At March 31, 2012 | As At March 31, 2011 | As At March 31, 2012 | As At March 31, 2011 |
| Secured: | | | | |
| Term Loans: | | | | |
| From Banks | 603.46 | 638.99 | 136.35 | 133.55 |
| From Financial Institutions and Others | 101.31 | 143.83 | 17.93 | 69.13 |
| Unsecured: | | | | |
| From Financial Institutions and Others | 2.58 | 2.58 | - | - |
| Deferred Electricity Duty | - | 8.38 | 12.69 | 8.29 |
| Finance Lease Obligation | - | - | - | 1.48 |
| | 707.35 | 793.78 | 166.97 | 212.45 |
| Amount disclosed under the head "Other Current Liabilities" (Note 10) | - | - | 166.97 | 212.45 |
| Total | 707.35 | 793.78 | - | - |
| a Borrowings | | | As At March 31, 2012 | As At March 31, 2011 |
| At Amortized Cost | | | 874.32 | 1,006.23 |
| At Original Cost | | | 873.32 | 1,010.19 |

b Nature of Security:**Term Loans of ₹ 859.05 Crores**

- i Loans amounting to ₹ 808.71 Crores are secured by (a) first charge on all the Immovable Properties, Movable Properties, Intangible Properties and General Assets of the Company presently relating to the Textile Plants and all Immovable Properties, Movable Properties, Intangible Properties and General Assets acquired by the Company at any time after execution of and during the continuance of the Indenture of Mortgage; (b) additional charge by way of mortgage on Immovable Properties at villages Jethlaj, Karoli, Vadsar, Moti Bhoyan, Santej and Khatrej; (c) charge on the Company's Trademarks and (d) Secured by second charge on all the Company's Current Assets both present and future relating to the Textile Plants. Out of these ₹ 579.50 Crores are additionally secured by first charge on Movable Fixed Assets of Jeans and Shirts Garment divisions at Bangalore. The Company is in the process of creating security in respect of loans amounting to ₹ 54.53 Crores.
- ii Loans amounting to ₹ 47.13 Crores are secured by first charge on all the Fixed Assets of Intex, Cotspin, Bottom Weight and Ankur divisions of the Company and second charge on the entire Current Assets both present and future relating these divisions. The Company is in the process of creating security.
- iii Loan of ₹ 1.75 Crores is secured by first charge on Company's Immovable Property situated at Ramnagar, Bangalore.
- iv Loans of ₹ 1.46 Crores are secured by hypothecation of related vehicles.

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

- a) Naroda Road, District Ahmedabad
- b) Village Santej at Taluka Kalol, District Mehsana
- c) Village Khatrej at Taluka Kalol, District Mehsana
- d) Asoka Spintex Division at Naroda Road, District Ahmedabad

Notes to Financial Statements

c) Rate of Interest and Terms of Repayment

| Particulars | ₹ in Crores | Range of Interest (%) | Terms of Repayment from Balance sheet date |
|---|-------------|-----------------------|--|
| From Banks | | | |
| Rupee Loans | 685.28 | 11% to 14.75% | Repayable in quarterly instalments ranging between 11 to 24 |
| Foreign Currency Loans | 54.53 | LIBOR+3.40% | Repayable in 8 equal half yearly instalments starting from September 2015 |
| From Financial Institutions and Others | | | |
| Rupee Loans | 94.83 | 11% to 12.5% | Repayable in equal quarterly instalments ranging between 13 to 20 |
| Rupee Loans | 1.74 | 15% | Repayable in 37 monthly instalments |
| Foreign Currency Loans | 21.21 | LIBOR+ 3.75% | Repayable in 14 equal quarterly instalments |
| Kotak Mahindra Prime Limited - Hire Purchase Loan | 1.46 | 8% to 10% | Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans |

6 Deferred Tax

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

In compliance with provisions of Accounting Standard and based on General Prudence, the Company has not recognised the deferred tax asset nor written back excess deferred tax liability, while preparing the accounts of the year under review.

7 Provisions

Provision for Employee Benefits
 Provision for Losses on Derivative Contracts
 Proposed Dividend
 Dividend Distribution Tax
 Provision for Income Tax (Net of Advance Tax of ₹ 155.44 Crores, Previous Year ₹ Nil)
 Provision for Wealth tax

| | Long Term | | Short Term | |
|--------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As At March 31, 2012 | As At March 31, 2011 | As At March 31, 2012 | As At March 31, 2011 |
| | 8.11 | 7.18 | 7.14 | 3.65 |
| | 41.40 | - | 53.23 | - |
| | - | - | 25.80 | - |
| | - | - | 4.19 | - |
| | - | - | 3.18 | - |
| | - | - | 1.03 | 0.80 |
| Total | 49.51 | 7.18 | 94.57 | 4.45 |

8 Short Term Borrowings

Secured:

Working Capital Loans repayable on demand from Banks

Unsecured:

Under Buyer’s Credit Arrangement from Banks

Intercorporate Deposits

From Related Parties

From Others

| | As at March 31, 2012 | As at March 31, 2011 |
|--------------|-------------------------|-------------------------|
| | 855.96 | 777.73 |
| | 855.96 | 777.73 |
| | 38.07 | 26.78 |
| | 0.42 | 0.36 |
| | 1.50 | 1.02 |
| Total | 895.95 | 805.89 |

Notes to Financial Statements

a Nature of Security

Cash Credit and Other Facilities from Banks

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

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

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

b Rate of Interest

- Working Capital Loans from banks carry interest rates ranging from 12.5% to 15.5% per annum.
- Inter Corporate Deposits carry interest rates 12% and 12.25% per annum.

9 Trade Payables

Creditors in respect of Goods and Services (Note a)

Acceptances

Payable to employees

Total

| | As at March 31, 2012 | ₹ in Crores As at March 31, 2011 |
|--------------|-------------------------|--|
| | 503.85 | 473.66 |
| | 94.47 | 108.22 |
| | 33.35 | 22.16 |
| Total | 631.67 | 604.04 |

a The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:

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

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

10 Other Current Liabilities

Current maturities of long-term borrowings (Note 5)

Interest accrued but not due on borrowings

Income received in advance

Advances from Customers

Statutory dues including Provident Fund and Tax deducted at Source

Security Deposits

Investor Education and Protection Fund shall be credited by the following amount namely : @

Unpaid dividend

Book Overdraft

Others

Total

| | As at March 31, 2012 | ₹ in Crores As at March 31, 2011 |
|--------------|-------------------------|--|
| | 166.97 | 212.45 |
| | 5.33 | 1.54 |
| | 2.38 | - |
| | 15.93 | 8.51 |
| | 5.90 | 4.91 |
| | 3.81 | 2.87 |
| | 0.33 | 0.33 |
| | 1.49 | 1.48 |
| | 10.77 | 3.44 |
| Total | 212.91 | 235.53 |

@ There are no amounts due for payment to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

Notes to Financial Statements

11 Tangible Assets

₹ in Crores

| Particulars | Gross Block | | | | | Depreciation / Amortization | | | | Net Block | | | |
|------------------------|------------------|----------------------------------|-------------------------------|---------------|---------------|-----------------------------|------------------|------------------|----------------------------|---------------|--------------|------------------|------------------|
| | As on 01.04.2011 | Acquisition through Amalgamation | Adjustment due to Revaluation | Additions | Deduction | Other Adjustments | As on 31.03.2012 | As on 01.04.2011 | Adjustment on Amalgamation | For the year | Deductions | As on 31.03.2012 | As on 31.03.2011 |
| Leasehold Land | 151.93 | 44.71 | - | - | - | - | 196.64 | - | - | - | - | 196.64 | 151.93 |
| Machinery acquired on | | | | | | | | | | | | | |
| Finance Lease | 1.66 | - | - | - | 1.66 | - | - | 0.54 | - | 0.26 | 0.80 | - | 1.12 |
| Own Assets | | | | | | | | | | | | | |
| Freehold Land | 908.12 | 150.47 | - | 4.03 | 184.78 | - | 877.84 | - | - | - | - | 877.84 | 908.12 |
| Building | 481.29 | 71.68 | - | 11.49 | 1.72 | 0.04 | 562.78 | 124.77 | 0.86 | 18.45 | 0.37 | 419.07 | 356.52 |
| Plant and Machinery | 1,535.32 | 94.06 | - | 227.26 | 17.49 | 4.20 | 1,843.35 | 996.00 | 14.80 | 104.96 | 9.31 | 1,106.45 | 539.32 |
| Furniture and Fixtures | 27.78 | 0.72 | - | 4.89 | 11.11 | 0.01 | 22.29 | 16.72 | 0.09 | 1.47 | 9.24 | 13.25 | 11.06 |
| Office Equipments | 8.28 | 0.64 | - | 2.20 | 1.86 | - | 9.26 | 5.09 | 0.01 | 0.44 | 1.73 | 5.45 | 3.19 |
| Leasehold Improvements | - | - | - | 4.72 | - | 0.02 | 4.74 | - | - | 0.19 | - | 4.55 | - |
| Vehicles | 12.31 | 0.88 | - | 4.49 | 1.65 | - | 16.03 | 5.52 | 0.06 | 2.47 | 1.16 | 9.14 | 6.79 |
| Total | 3,126.69 | 363.16 | - | 259.08 | 220.27 | 4.27 | 3,532.93 | 1,148.64 | 15.82 | 128.24 | 22.61 | 1,270.09 | 1,978.05 |
| Previous Year | 2,962.83 | - | 230.98 | 79.22 | 146.34 | - | 3,126.69 | 1,065.02 | - | 113.86 | 30.24 | 1,148.64 | 1,897.81 |

a Freehold Land includes some lands which are pending for registration in favour of the Company.

b Buildings includes ₹ 0.79 Crores (Previous year ₹ 0.79 Crores) in respect of ownership flats in Co-Operative Housing Society and (₹ 500/-) (Previous year Rs 500/-) in respect of shares held in Co-Operative Housing Society.

c Gross block was revalued in 2011 by an external valuer at the then market value which resulted in a net increase of ₹ 230.98 Crores and credited to revaluation reserve.

d Deduction of Freehold Land includes transfer of Land Rs 99.09 Crores (Previous year ₹ 34.50 Crores) to Land held for Sale.

e Deduction of Gross Block includes Capital Subsidy of ₹ Nil (Previous year ₹ 1.89 Crores) received during the year.

f For details of acquisition through amalgamation, refer Note 34.

g Details of Borrowing Cost and Exchange Differences:

| Particulars | Other Adjustments | | Addition in Capital Work in Progress | |
|----------------------|-------------------|-----------|--------------------------------------|--------------|
| | 2011-2012 | 2010-2011 | For the year | |
| Borrowing Cost | 4.20 | - | 2011-2012 | 2010-2011 |
| Exchange Differences | 0.07 | - | 12.94 | - |
| Total | 4.27 | - | 0.23 | 13.17 |

₹ in Crores

Notes to Financial Statements

12 Intangible Assets

₹ in Crores

| Particular | Gross Block | | | | | Amortization | | | | Net Block | |
|------------------------------------|---------------------|--|-------------|-------------|---------------------|---------------------|--------------|-------------|---------------------|---------------------|---------------------|
| | As on 01.04.2011 | Acquisition through Amalgamation | Additions | Disposals | As on 31.03.2012 | As on 01.04.2011 | For the year | Deductions | As on 31.03.2012 | As on 31.03.2012 | As on 31.03.2011 |
| Own Assets | | | | | | | | | | | |
| Patent and Technical Knowhow | 0.27 | - | 0.06 | - | 0.33 | 0.14 | 0.06 | - | 0.20 | 0.13 | 0.13 |
| Computer Software | 24.07 | 0.01 | 1.17 | 0.96 | 24.29 | 17.26 | 1.86 | 0.92 | 18.20 | 6.09 | 6.81 |
| Total | 24.34 | 0.01 | 1.23 | 0.96 | 24.62 | 17.40 | 1.92 | 0.92 | 18.40 | 6.22 | 6.94 |
| Previous Year | 18.43 | - | 6.13 | 0.22 | 24.34 | 15.45 | 1.95 | - | 17.40 | 6.94 | 2.98 |

a Deduction of Patent and Technical Knowhow includes subsidy of ₹ Nil (Previous year ₹ 0.22 Crores) received.

b For details of acquisition through amalgamation, refer Note 34.

13 Non Current Investments

₹ in Crores

| Particulars | Face Value Per Share (₹) | No of Shares | As at March 31, 2012 | As at March 31, 2011 |
|--|-----------------------------|--------------|-------------------------|-------------------------|
| Investment Property (at cost less accumulated depreciation) | | | | |
| Cost of Office Building given on Operating Lease | | | 13.70 | 21.18 |
| Less: Accumulated Depreciation | | | 3.13 | 4.24 |
| | | | 10.57 | 16.94 |
| Trade Investments (At Cost) | | | | |
| Investments in Government Trust Securities | | | | |
| National Saving Certificates (Lodged with Sales Tax and Government Authorities) | | | (₹ 23,000/-) | (₹ 3,000/-) |
| Investments in Fully Paid Equity Shares | | | | |
| In Subsidiaries | | | | |
| Quoted | | | | |
| Anup Engineering Limited** | 100 | 300,000 | 3.50 | 3.50 |
| Arvind Products Limited (Adjusted due to Amalgamation - Note 34) | | | - | 1.66 |
| Unquoted | | | | |
| Arvind Brands and Retail Limited | 2 | 50,000,000 | 189.10 | 189.10 |
| Asman Investments Limited (11,000 shares sold during the year) (At cost less provision for other than temporary diminution of ₹ 6.48 Crores, Previous Year ₹ Nil) | 10 | 65,500 | 0.07 | 7.65 |
| Syntel Telecom Limited | 10 | 50,000 | 0.05 | 0.05 |
| Arvind Accel Limited | 10 | 50,000 | 0.05 | 0.05 |
| Arvind Infrastructure Limited | 10 | 50,000 | 0.05 | 0.05 |
| Arvind Worldwide Inc., Delaware* (Share without par value) | | 500 | 0.07 | 0.07 |
| Arvind Textile Mills Limited | 10 Taka | 320,000 | 1.53 | 1.53 |
| Arvind PD Composites Private Limited (Shares acquired during the year) | 10 | 41,310 | 3.12 | - |
| Arvind Worldwide (M) Inc., Mauritius* (54,840 shares sold during the year) | | | - | - |

Notes to Financial Statements

13 Non Current Investments (Contd.)

| Particulars | Face Value Per Share (₹) | No of Shares | ₹ in Crores | |
|--|--------------------------|--------------|----------------------|----------------------|
| | | | As at March 31, 2012 | As at March 31, 2011 |
| Arvind Overseas (M) Ltd., Mauritius (2,385,171 shares sold during the year) (At cost less provision for other than temporary diminution for Previous Year of ₹ 28.32 Crores) | | | - | - |
| Arvind Spinning Limited (Share without par value) (824,099 shares sold during the year) (At cost less provision for other than temporary diminution for Previous Year of ₹ 5.39 Crores) | | | - | - |
| In Joint ventures (Unquoted) | | | | |
| Arudrama Developments Pvt.Ltd. (50,000 shares acquired during the year) | 10 | 50,000 | 22.00 | - |
| Tommy Hilfiger Arvind Fashions Private Limited (Formerly known as Arvind Murjani Brands Private Limited) (129,433 shares acquired during the year) | 10 | 8,979,433 | 13.50 | 12.75 |
| Arya Omnitalk Wireless Solutions Private Limited | 10 | 1,000,000 | 1.00 | 1.00 |
| Arya Omnitalk Radio Trunking Services Private Limited | 10 | 1,005,000 | 6.01 | 6.01 |
| VF Arvind Brands Private Limited (5,466,680 shares sold during the year) | | - | - | 5.47 |
| In Limited Liability Partnership (Unquoted) | | | | |
| Arvind and Smart Value Homes LLP (Invested during the year) | | | 61.15 | - |
| Others | | | | |
| Ahmedabad Cotton Merchants' Co-operative Shops and Warehouses Society Limited (10 shares acquired during the year) | 10 | 20 | (₹ 5,000/-) | (₹ 2,500/-) |
| Gujarat Cloth Dealers Co-operative Shops and Warehouses Society Limited | 10 | 10 | (₹ 1,000/-) | (₹ 1,000/-) |
| Amazon Textile Private Limited (100,000 equity shares acquired during the year) | 10 | 100,000 | 1.69 | - |
| Investments in Fully Paid Preference Shares | | | | |
| In subsidiaries | | | | |
| Unquoted | | | | |
| Arvind Products Limited | | | | |
| 10% Cumulative Redeemable Preference Shares (Adjusted due to Amalgamation - Note 34) | | | - | 0.14 |
| 12% Cumulative Redeemable Preference Shares (Adjusted due to Amalgamation - Note 34) | | | - | 65.01 |
| Other Investments | | | | |
| In Quoted Equity Shares | | | | |
| Atul Limited (214,221 shares acquired during the year) | 10 | 773,641 | 10.41 | 9.80 |
| Amol Decalite Limited** (16,500 shares acquired during the year) | 10 | 16,500 | 0.06 | - |
| Share Application Money | | | 313.36 | 303.84 |
| | | | 13.18 | 5.56 |
| Total | | | 337.11 | 326.34 |

* Revalued and adjusted in 2001-2002 as per the scheme of arrangement and the direction of High Court.

Notes to Financial Statements

13 Non Current Investments (Contd.)

| Particulars | Face Value Per Share (₹) | No of Shares | ₹ in Crores | |
|---|--------------------------|--------------|----------------------|----------------------|
| | | | As at March 31, 2012 | As at March 31, 2011 |
| a Aggregate amount of quoted investments | | | 13.97 | 14.96 |
| Market value of quoted investments | | | 18.37 | 14.96 |
| Aggregate amount of unquoted investments | | | 299.39 | 288.88 |
| Value of investment property | | | 10.57 | 16.94 |
| Aggregate provision for diminution in value of investments | | | 6.48 | 33.71 |
| ** Listed but not quoted and book value is taken as market value. | | | | |
| b Disclosure as per AS 13 - Accounting for Investments | | | | |
| Long Term Investments | | | 313.36 | 303.84 |
| Current Investments | | | - | - |
| Total | | | 313.36 | 303.84 |

| | Long Term | | Short Term | |
|--|----------------------|----------------------|----------------------|----------------------|
| | As At March 31, 2012 | As At March 31, 2011 | As At March 31, 2012 | As At March 31, 2011 |
| 14 Loans and Advances (Unsecured, Considered good unless otherwise stated) | | | | |
| Capital Advances | 75.10 | 61.50 | - | - |
| Security Deposits | 21.93 | 30.61 | - | - |
| Advance tax paid (Net of Provision of ₹ Nil, Previous Year ₹ 65.97 Crores) | - | - | - | 8.20 |
| Loans and Advances: | | | | |
| To Related Parties | | | | |
| Considered good | - | - | 39.30 | 180.26 |
| Considered doubtful | - | - | - | 7.91 |
| Less: Provision | - | - | - | 7.91 |
| | - | - | - | - |
| | - | - | 39.30 | 180.26 |
| To Employees | 5.16 | 4.45 | 1.66 | 1.31 |
| To Others | - | - | 22.54 | 22.15 |
| MAT Credit Entitlement | 86.92 | 55.63 | - | - |
| Advances recoverable in cash or in kind or for value to be received | | | | |
| Considered good | - | - | 129.60 | 58.88 |
| Considered doubtful | - | - | - | 0.09 |
| Less: Provision | - | - | - | 0.09 |
| | - | - | - | - |
| | - | - | 129.60 | 58.88 |
| Prepaid Expenses | 0.10 | 0.11 | 4.01 | 3.57 |
| Balances with Government Authorities | - | - | 0.13 | 0.04 |
| CENVAT/Custom Duty Receivable | - | - | 17.51 | 13.22 |
| Total | 189.21 | 152.30 | 214.75 | 287.63 |

Notes to Financial Statements

₹ in Crores

| | Non Current | | Current | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | As At March 31, 2012 | As At March 31, 2011 | As At March 31, 2012 | As At March 31, 2011 |
| 15 Other Assets | | | | |
| Non Current Bank Balances (Note 18) | 2.04 | - | - | - |
| Foreign Currency Monetary Item Translation Difference | 3.66 | - | 0.53 | (0.75) |
| Land held for Sale | - | - | 102.21 | 34.50 |
| Interest Accrued | - | - | 0.83 | 0.28 |
| Gain Receivable on Derivative Contracts | - | 9.12 | - | 22.77 |
| Unbilled Revenue | - | - | 4.37 | - |
| Income Receivable | - | - | 15.65 | 24.84 |
| Receivable other than trade | - | - | 80.00 | - |
| Export Incentive Receivable | - | - | 53.11 | 44.52 |
| Total | 5.70 | 9.12 | 256.70 | 126.16 |

| | ₹ in Crores | |
|--------------------------------------|----------------------------|----------------------------|
| | As at March 31, 2012 | As at March 31, 2011 |
| 16 Inventories | | |
| Raw Materials and Accessories | 246.68 | 294.28 |
| In Transit | 0.01 | 1.68 |
| Fuel | 2.56 | 2.50 |
| Stores and Spares | 40.20 | 30.35 |
| Work-in-Progress | 322.43 | 245.98 |
| Finished Goods | 101.09 | 112.24 |
| Finished Goods in Transit | 0.31 | - |
| Stock in Trade | 9.73 | 8.09 |
| Project Materials at Site | 3.45 | 2.74 |
| Waste | 1.96 | 1.30 |
| Total | 728.42 | 699.16 |

a Details of Inventory

Raw Material and Accessories

| | | |
|--------------|---------------|---------------|
| Cotton | 198.52 | 227.45 |
| Yarn | 32.96 | 49.99 |
| Fibre | 2.58 | 3.49 |
| Fabric | 6.63 | 5.94 |
| Accessories | 5.21 | 6.42 |
| Electronics | 0.78 | 0.99 |
| Total | 246.68 | 294.28 |

Work-in-Progress

| | | |
|--------------|---------------|---------------|
| Fabric | 164.37 | 136.06 |
| Cotton | 8.24 | 4.00 |
| Yarn/Fibre | 79.07 | 55.84 |
| Sizing | 21.34 | 11.91 |
| Grey | 48.87 | 37.82 |
| Electronics | 0.54 | 0.35 |
| Total | 322.43 | 245.98 |

16 Inventories (Contd.)

Finished Goods

| | | |
|--------------|---------------|---------------|
| Fabric | 80.00 | 90.68 |
| Garments | 17.86 | 18.52 |
| Yarn/Fibre | 3.07 | 2.94 |
| Electronics | 0.16 | 0.10 |
| Total | 101.09 | 112.24 |

Stock in Trade

| | | |
|---------------|-------------|-------------|
| Fabric | 3.45 | - |
| Garments | 1.63 | 3.02 |
| Accessories | 0.08 | - |
| Electronics | 4.23 | 4.40 |
| Agri Products | 0.34 | 0.67 |
| Total | 9.73 | 8.09 |

17 Trade Receivables

(Unsecured, considered good unless otherwise stated)

Outstanding for a period exceeding six months from the date they are due for payment

| | | |
|------------------------------------|---------------|---------------|
| Considered Good | 28.32 | 39.21 |
| Considered doubtful | 0.04 | 1.51 |
| Less: Provision for Doubtful Debts | (0.04) | (1.51) |
| | 28.32 | 39.21 |
| Others | 377.23 | 524.42 |
| Total | 405.55 | 563.63 |

Notes to Financial Statements

₹ in Crores

| | Non Current | | Current | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | As At March 31, 2012 | As At March 31, 2011 | As At March 31, 2012 | As At March 31, 2011 |
| 18 Cash and Bank Balances | | | | |
| Cash and Cash Equivalents: | | | | |
| Cash on Hand | - | - | 1.02 | 0.42 |
| Cheques on Hand | - | - | (₹ 15,000/-) | - |
| Balances with Banks | | | | |
| In Current Accounts | - | - | 16.70 | 6.19 |
| In Unpaid Dividend Accounts | - | - | 0.33 | 0.33 |
| In Exchange Earners Foreign Currency A/c | - | - | 0.19 | 0.15 |
| In Cash Credit Account | - | - | 8.56 | 7.11 |
| In Saving Accounts | - | - | (₹ 45,808/-) | (₹ 45,808/-) |
| In Deposit Account (with original maturity upto 3 months) | - | - | - | 9.12 |
| | - | - | 26.80 | 23.32 |
| Other Bank Balances: | | | | |
| In Deposits Accounts | | | | |
| With original maturity more than 3 months but less than 12 months | - | - | 4.23 | - |
| With original maturity more than 12 months | 1.65 | - | 4.72 | - |
| Held as Margin Money (Under lien with bank as Security for Guarantee Facility) | 0.39 | - | 3.62 | 5.76 |
| Lodged with Court for ESI Case | - | - | - | 0.01 |
| Lodged with Sales Tax Department | - | - | (₹ 20,000/-) | (₹ 20,000/-) |
| | 2.04 | - | 12.57 | 5.77 |
| Amount disclosed under the head "Other Non Current Assets" (Note 15) | 2.04 | - | - | - |
| Total | - | - | 39.37 | 29.09 |

| | ₹ in Crores | | | ₹ in Crores | |
|---|----------------------------|----------------------------|--|---------------------------------|---------------------------------|
| | As at March 31, 2012 | As at March 31, 2011 | | Year ended March 31, 2012 | Year ended March 31, 2011 |
| 19 Contingent Liabilities (to the extent not provided for) | | | 20 Capital and Other Commitments | | |
| Bills Discounted | 111.40 | 129.53 | Capital Commitments | 52.39 | 140.06 |
| Claims against the Company not acknowledged as debts | 8.55 | 8.29 | Estimated amount of contracts remaining to be executed on capital account and not provided for | - | - |
| Guarantees given by the Banks on behalf of the Company | 59.00 | 23.84 | Other Commitments | - | - |
| Guarantees given by the Company to Banks on behalf of Subsidiaries/Joint Ventures | 355.83 | 330.73 | | | |
| Disputed Demands in respect of | | | 21 Revenue from Operations | | |
| Excise/Custom Duty | 30.83 | 16.04 | Sale of Products | | |
| Sales Tax | 20.37 | 18.02 | Finished Goods and Stock-in-Trade | 3,315.89 | 2,444.36 |
| Income Tax | 18.11 | 3.82 | Less : Excise Duty | 17.75 | 2.06 |
| Service Tax | 1.19 | 1.33 | | 3,298.14 | 2,442.30 |
| | | | Sale of Services | 8.90 | 63.18 |
| | | | Other Operating Revenues | | |
| | | | Gain/(Loss) on Forward Contracts | (1.26) | 27.47 |
| | | | Export Incentives | 109.78 | 90.45 |
| | | | Waste Sale | 55.68 | 36.60 |
| | | | Others | 22.88 | 23.26 |
| | | | Total | 3,494.12 | 2,683.26 |

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.

Notes to Financial Statements

| | ₹ in Crores | | ₹ in Crores | |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Year ended March 31, 2012 | Year ended March 31, 2011 | Year ended March 31, 2012 | Year ended March 31, 2011 |
| a Details of Sales and Services | | | | |
| Sale of Products (Net of Excise Duty) | | | | |
| Fabric | 2,803.21 | 1,947.23 | | |
| Garments | 438.35 | 437.56 | | |
| Grey Fabric | 4.83 | 5.06 | | |
| Yarn | 14.21 | 20.06 | | |
| Electronics Items | 36.86 | 31.96 | | |
| Agri Products | 0.62 | 0.43 | | |
| Accessories | 0.06 | - | | |
| | 3,298.14 | 2,442.30 | | |
| Sale of Services | | | | |
| Processing Income | 8.90 | 34.94 | | |
| Utility Sales | - | 28.24 | | |
| Information Technology Services | - | (₹ 40,000/-) | | |
| | 8.90 | 63.18 | | |
| Total | 3,307.04 | 2,505.48 | | |
| 22 Other Income | | | | |
| Interest Income | 15.56 | 4.39 | | |
| Dividend Income on: | | | | |
| Investments in Subsidiaries | 0.30 | 0.30 | | |
| Long Term Investments | 0.26 | 0.22 | | |
| Share of Profit from Arvind and Smart Value Homes LLP | 1.45 | - | | |
| Rent | 0.61 | 0.88 | | |
| Exchange Difference (Net) | - | 5.21 | | |
| Sundry Credit Balances Appropriated | 2.83 | 0.15 | | |
| Profit on Sale of Fixed Assets (Net) | 24.53 | 30.12 | | |
| Profit on Sale of Land held for Sale | 67.40 | - | | |
| Provision no longer required | 3.14 | 1.68 | | |
| Scrap Income | 10.46 | 7.96 | | |
| Miscellaneous Income | 7.45 | 1.16 | | |
| Prior Period Item | 1.82 | - | | |
| Total | 135.81 | 52.07 | | |
| 23 Cost of Materials and Accessories Consumed | | | | |
| Stock at the beginning of the year | 294.28 | 95.05 | | |
| Purchases | 1,521.16 | 1,489.38 | | |
| | 1,815.44 | 1,584.43 | | |
| Less: Stock at the end of the year | 246.68 | 294.28 | | |
| Total | 1,568.76 | 1,290.15 | | |
| a Materials and Accessories Consumed | | | | |
| Cotton | 760.17 | 509.92 | | |
| Yarn | 555.59 | 522.59 | | |
| Fibre | 22.35 | 10.60 | | |
| Grey Cloth | 110.16 | 119.79 | | |
| Fabric | 49.88 | 54.80 | | |
| EPABX | 8.97 | 9.31 | | |
| Accessories | 61.64 | 63.14 | | |
| Total | 1,568.76 | 1,290.15 | | |
| b Value of imported and indigenous materials consumed | | | | |
| Raw Materials and Accessories | | | | |
| Imported | 133.86 | 67.53 | | |
| | 8.53% | 5.23% | | |
| Indigenous | 1,434.90 | 1,222.62 | | |
| | 91.47% | 94.77% | | |
| Total | 1,568.76 | 1,290.15 | | |
| 24 Purchase of Stock In Trade | | | | |
| Cloth | 18.26 | 2.26 | | |
| Garments | 6.10 | 17.45 | | |
| Electronic Items | 12.21 | 10.71 | | |
| Accessories | 0.17 | - | | |
| Agri Products | 0.66 | 0.68 | | |
| Total | 37.40 | 31.10 | | |
| 25 Changes in Inventories of Finished Goods, Work-in-progress and Stock in Trade (Increase)/Decrease in stocks | | | | |
| Stock at the end of the year | | | | |
| Finished Goods | 101.09 | 112.24 | | |
| Stock-in-trade | 9.73 | 8.09 | | |
| Work-in-Progress | 322.43 | 245.98 | | |
| Waste | 1.96 | 1.30 | | |
| | 435.21 | 367.61 | | |
| Stock at the beginning of the year | | | | |
| Finished Goods | 112.24 | 82.96 | | |
| Stock-in-trade | 8.09 | 9.38 | | |
| Work-in-Progress | 245.98 | 206.61 | | |
| Waste | 1.30 | 1.01 | | |
| | 367.61 | 299.96 | | |
| Less: Adjusted against Securities Premium | - | 20.25 | | |
| Less: Written off during the year | - | 0.04 | | |
| Add: Adjusted on account of Amalgamation (Note 34) | | | | |
| Finished Goods | 22.21 | - | | |
| Work-in-Progress | 48.38 | - | | |
| Waste | 1.15 | - | | |
| | 439.35 | 279.67 | | |
| Excise Duty in Value of Stock - Increase/ (Decrease) | 0.14 | 0.04 | | |
| (Increase)/Decrease in stocks | 4.28 | (87.90) | | |
| 26 Employee Benefits Expense | | | | |
| Salaries and Wages | 313.33 | 238.38 | | |
| Contribution to Provident Fund and Other Funds | 34.57 | 25.65 | | |
| Staff Welfare Expenses | 7.14 | 4.93 | | |
| | 355.04 | 268.96 | | |
| Directors' Remuneration | 3.03 | 2.54 | | |
| Directors' Commission | 2.44 | 2.40 | | |
| Total | 360.51 | 273.90 | | |

Notes to Financial Statements

| | Year ended March 31, 2012 | ₹ in Crores Year ended March 31, 2011 | | Year ended March 31, 2012 | ₹ in Crores Year ended March 31, 2011 |
|--|---------------------------------|--|---|---------------------------------|--|
| 27 Finance Costs | | | 29 Other Expenses (Contd.) | | |
| Interest | | | Exchange Difference (Net) | 18.17 | - |
| On Term Loans | 92.67 | 91.72 | Loans to Subsidiaries Written Off | 7.91 | - |
| On working capital loans | 83.03 | 53.61 | Less : Adjusted against Provision for doubtful Loans | (7.91) | - |
| Others | 35.71 | 24.68 | Loss on Sale of Investments | 34.96 | 0.10 |
| Interest on shortfall of advance tax | 0.44 | 0.11 | Less : Adjusted against Provision for diminution in value of Investments | (33.39) | - |
| Exchange Difference to the extent considered as an adjustment to Borrowing Costs | 33.92 | - | Goodwill on Amalgamation Written Off (Note 34) | 1.57 | 0.10 |
| Other Borrowing Costs | 1.91 | 2.53 | Charge on account of alignment of accounting policies of Amalgamated Company with the Company (Note 34) | 45.49 | - |
| Bank Charges | 22.57 | 14.58 | Less : Amount Transferred from Opening balance of Surplus in Statement of Profit and Loss (Note 34) | 10.82 | - |
| Total | 270.25 | 187.23 | Miscellaneous Expenses | 41.50 | 30.20 |
| 28 Depreciation / Amortization Expense | | | Total | 1,021.93 | 789.89 |
| Depreciation of Tangible Assets | 128.24 | 113.86 | a Value of imported and indigenous Spare Parts consumed | | |
| Depreciation of Investment Property | 0.35 | 0.35 | Spare Parts | | |
| Amortization of Intangible Assets | 1.92 | 1.95 | Imported | 17.10 | 15.76 |
| Total | 130.51 | 116.16 | | 18.69% | 20.68% |
| 29 Other Expenses | | | Indigenous | 74.37 | 60.45 |
| Power and fuel | 349.24 | 243.69 | | 81.31% | 79.32% |
| Stores Consumed | 251.01 | 192.83 | Total | 91.47 | 76.21 |
| Insurance | 3.12 | 3.38 | 30 Extraordinary Item | | |
| Processing Charges | 51.65 | 87.19 | Profit on Sale of Investment in Joint Venture | 251.80 | - |
| Turnkey Project Erection Charges | 12.89 | 3.02 | Total | 251.80 | - |
| Printing, Stationery & Communication | 7.45 | 4.14 | 31 CIF Value of Imports | | |
| Rent | 51.78 | 32.91 | Capital Goods | 157.72 | 48.58 |
| Commission, Brokerage and Discounts | 32.08 | 26.68 | Dyes & Chemicals, Stores and Spares Parts | 61.27 | 66.54 |
| Rates and taxes | 5.15 | 3.42 | Raw Materials & Accessories | 123.37 | 55.22 |
| Repairs: | | | 32 Expenditure in Foreign Currency | | |
| To Buildings | 0.97 | 0.42 | Interest | 14.64 | 32.08 |
| To Machineries | 91.47 | 76.21 | Commission | 7.11 | 11.04 |
| To others | 4.68 | 2.82 | Professional and Consultation Fees | 3.07 | 1.91 |
| Freight, Insurance and Clearing Charges | 23.24 | 23.18 | Other Matters | 28.59 | 15.77 |
| Excise Duty borne by Company | 0.39 | 0.13 | Total | 53.41 | 60.80 |
| Legal and Professional Fees | 14.02 | 6.45 | 33 Earning in Foreign Currency | | |
| Conveyance and Travelling Expenses | 12.22 | 9.75 | Export of goods calculated on F.O.B. basis | 1,487.10 | 1,134.38 |
| Advertisement and Publicity | 12.48 | 5.00 | Better Cotton Grant | 2.45 | 0.30 |
| Directors' sitting fees | 0.05 | 0.01 | | | |
| Miscellaneous Labour Charges | 25.30 | 30.20 | | | |
| Provision for Doubtful Debts | - | 0.34 | | | |
| Bad Debts written off | 0.32 | 0.09 | | | |
| Sundry Debts written off | 1.19 | 6.10 | | | |
| Fixed Assets Written off | 2.01 | 0.33 | | | |
| Provision for Diminution in Value of Investment in Subsidiary | 6.48 | - | | | |
| Payments to the auditor as | | | | | |
| (a) Auditor | 0.63 | 0.50 | | | |
| (b) For tax audit matters | 0.14 | 0.11 | | | |
| (c) For taxation matters | 0.04 | 0.04 | | | |
| (d) For Company law matters | 0.24 | 0.15 | | | |
| (e) For Other Certification work | 0.41 | 0.46 | | | |
| (f) For reimbursement of expenses | 0.04 | 0.04 | | | |

Notes to Financial Statements

34 Scheme of Arrangement

- i A Composite Scheme of Arrangement (“the Scheme”) between Arvind Limited (“the Company”) and Arvind Products Limited (“APL”) and Asman Investments Limited (“AIL”), the subsidiaries of the Company, under Sections 391 to 394 of the Companies Act, 1956 for amalgamation of APL with the Company and demerger and transfer of Investment Division of AIL into the Company has been sanctioned by the High Court of Gujarat at Ahmedabad on 29th December 2011. The Scheme has become effective from the appointed date 1st January 2011.
- ii Pursuant to the Scheme, the Investment division of AIL stood demerged from AIL and transferred to and vested in the Company as a going concern with effect from the appointed date 1st January 2011:
 - a. Upon the Scheme becoming effective and from the appointed date, the Investment Division of AIL (Demerged Undertaking) including all debts and liabilities have been transferred to the Company and have been accounted for at their respective fair values.
 - b. Upon the scheme becoming effective, the interse amounts of loans, advances and other current account balances of the demerged investment division in the Company have been treated as cancelled.
 - c. As consideration for the demerger, the Company has adjusted the amount of fair value of the division against the outstanding balance of loan to AIL.
- iii Pursuant to the Scheme, APL has been amalgamated with the Company with effect from 1st January 2011, (the appointed date):
 - a. The amalgamation has been accounted for under the “purchase method”. Accordingly, as on appointed date, all the assets of APL 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.
 - b. Upon the scheme becoming effective, the interse amounts of loans, advances, other current account balances of APL with the Company and investment in APL have been treated as cancelled.
 - c. As consideration for the amalgamation, the Company has subsequent to the date of the balance sheet issued and allotted 34,10,528 Equity Shares of ₹ 10/- each fully paid up in the ratio of 1 (One) Equity Share of ₹ 10/- each for every 11 (Eleven) Equity Shares of ₹ 10/- each of APL in the Capital of the Company, to the members of APL other than the Company whose names appeared in the Register of Members on the record date which are shown under ‘Equity Share Suspense Account’ as on Balance Sheet date.
 - d. The difference between the value of assets and liabilities taken over amounting to ₹ 45.49 Crores has been debited to “Goodwill on Amalgamation” and the same has been adjusted against the opening balance of Statement of Profit and Loss of the Company along with the additional charge of ₹ 10.82 Crores on account of alignment of accounting policies of APL with the Company.

35 Earning Per Share (EPS) :

₹ in Crores, unless otherwise stated

| Particulars | | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|------|---------------------------------|------------------------------|
| Profit after Tax before Extra Ordinary Item | | 236.29 | 134.80 |
| Add : Extra Ordinary Item (Net of Tax of ₹ 53.86 Crores) | | 197.94 | - |
| Profit after Extra Ordinary Item available to equity shareholders | | 434.23 | 134.80 |
| Weighted average no. of Equity Shares | | | |
| For Basic EPS | Nos. | 257,983,329 | 239,200,568 |
| For Diluted EPS | Nos. | 257,983,329 | 239,353,175 |
| Nominal value of Equity Shares | ₹ | 10.00 | 10.00 |
| Basic Earning Per Share | | | |
| Before Extra Ordinary Item | ₹ | 9.16 | 5.64 |
| After Extra Ordinary Item | ₹ | 16.83 | 5.64 |
| Diluted Earning Per Share | | | |
| Before Extra Ordinary Item | ₹ | 9.16 | 5.63 |
| After Extra Ordinary Item | ₹ | 16.83 | 5.63 |
| (A) Weighted average number of Equity Shares | | | |
| No. of Shares for Basic EPS | | 257,983,329 | 239,200,568 |
| No. of Shares for Diluted EPS after considering dilute effect of outstanding stock | | 257,983,329 | 239,353,175 |

36 Employee Share Based Payment:

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

| Scheme | ESOS 2008 Tranche - I | ESOS 2008 Tranche - II |
|---------------------------|---|---|
| Date of Grant | October 25, 2008 | April 21, 2011 |
| Number of options granted | 2,750,000 | 200,000 |
| Exercise Price per option | ₹ 14.65 | ₹ 73.70 |
| Date of vesting | The vesting will be as under: 25% on April 30, 2010 25% on April 30, 2011 25% on April 30, 2012 25% on April 30, 2013 | The vesting will be as under: 33.33% on April 30, 2012 33.33% on April 30, 2013 33.33% on April 30, 2014 |
| Exercise Period | Within 3 years from the date of respective vesting. | Within 3 years from the date of respective vesting. |
| Method of settlement | Through allotment of one Equity Share for each option granted. | Through allotment of one Equity Share for each option granted. |

Notes to Financial Statements

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

| Particulars | ESOS 2008 | | |
|---|----------------|----------------|----------------|
| | Tranche-I | | Tranche-II |
| | 2011-12 | 2010-11 | 2011-12 |
| Options | | | |
| Outstanding at the beginning of year | 232,500 | 2,605,000 | - |
| Granted During the year | - | - | 200,000 |
| Lapsed during the year | - | - | - |
| Exercised during the year | 232,500 | 2,372,500 | - |
| Vested but not exercised at the end of year | - | - | - |
| Not vested at the end of year | - | 232,500 | 200,000 |
| Weighted Average Exercise Price per Option | ₹ 14.65 | ₹ 14.65 | ₹ 73.70 |

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

| Particulars | ESOS 2008 | | | | | | |
|--------------------------------------|-----------------------------------|--------|--------|--------|------------------------------------|--------|--------|
| | Tranche-I Vesting on April 30, | | | | Tranche-II Vesting on April 30, | | |
| | 2010 | 2011 | 2012 | 2013 | 2012 | 2013 | 2014 |
| Estimated Value of Stock Options (₹) | 6.64 | 7.26 | 8.05 | 8.66 | 32.45 | 39.47 | 42.63 |
| Share Price at Grant Date (₹) | 14.65 | 14.65 | 14.65 | 14.65 | 73.70 | 73.70 | 73.70 |
| Exercise Price (₹) | 14.65 | 14.65 | 14.65 | 14.65 | 73.70 | 73.70 | 73.70 |
| Expected Volatility (%) | 58.74% | 54.53% | 54.46% | 53.71% | 62.46% | 65.93% | 62.19% |
| Dividend Yield Rate (%) | 0.28% | 0.28% | 0.28% | 0.28% | 0.00% | 0.00% | 0.00% |
| Expected Life of Options (in years) | 3.01 | 4.01 | 5.02 | 6.02 | 2.53 | 3.53 | 4.53 |
| Risk Free Rate of Interest (%) | 7.57% | 7.61% | 7.65% | 7.70% | 7.57% | 7.61% | 7.65% |

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

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|------------------------------|------------------------------|
| Profit before Extra Ordinary Item available to equity shareholders | 236.29 | 134.80 |
| Less : Amortization of Compensation Cost (pro forma) | 0.43 | 0.75 |
| Profit before Extra Ordinary Item available to equity shareholders | 235.86 | 134.05 |
| Add : Extra Ordinary Item | 197.94 | - |
| Profit after Extra Ordinary Item and amortization of Compensation Cost (pro forma) | 433.80 | 134.05 |
| Earning Per Share - (Basic) | | |
| Profit before Extra Ordinary Item | | |
| - as reported | 9.16 | 5.64 |
| - pro forma | 9.14 | 5.60 |
| Profit after Extra Ordinary Item | | |
| - as reported | 16.83 | 5.64 |
| - pro forma | 16.82 | 5.60 |
| Earning Per Share - (Diluted) | | |
| Profit before Extra Ordinary Item | | |
| - as reported | 9.16 | 5.63 |
| - pro forma | 9.14 | 5.60 |
| Profit after Extra Ordinary Item | | |
| - as reported | 16.83 | 5.63 |
| - pro forma | 16.82 | 5.60 |

Notes to Financial Statements

37 Employee Benefits

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

(i) Defined Contribution Plans

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

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---------------------|------------------------------|------------------------------|
| Provident Fund | 14.35 | 10.77 |
| Superannuation Fund | 2.56 | 1.75 |

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

(ii) State Plans

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

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|----------------------------|------------------------------|------------------------------|
| Employee's State Insurance | 6.35 | 5.05 |
| Employee's Pension Scheme | 8.63 | 6.38 |

(iii) Defined Benefit Plans

(a) Leave Encashment/Compensated Absences

Salaries, Wages and Bonus include ₹ 3.57 Crores (₹ 3.77 Crores) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

(b) Contribution to Gratuity Funds

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

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------------|---------------------------------|
| Change in the Benefit Obligations : | | |
| Liability at the beginning of the year | 43.31 | 38.63 |
| Add: Adjustment on amalgamation | 14.16 | - |
| Liability at the beginning of the year after amalgamation | 57.47 | 38.63 |
| Interest Cost | 4.95 | 3.21 |
| Current Service Cost | 4.80 | 3.27 |
| Benefits Paid | (4.16) | (3.41) |
| Actuarial Loss/(Gain) | 1.67 | 1.61 |
| Other Adjustment | (0.22) | - |
| Liability at the end of the year | 64.51 | 43.31 |
| Fair Value of Plan Assets : | | |
| Fair Value of Plan Assets at the beginning of the year | 41.47 | 36.32 |
| Add: Adjustment on amalgamation | 13.62 | - |
| Fair Value of Plan Assets at the beginning of the year after amalgamation | 55.09 | 36.32 |
| Expected Return on Plan Assets | 4.70 | 3.22 |

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|---------------------------------|---------------------------------|
| Contributions | 6.08 | 5.58 |
| Benefits Paid | (4.16) | (3.41) |
| Actuarial gain/(loss) on Plan Assets | (0.14) | (0.24) |
| Other Adjustment | (0.33) | - |
| Fair Value on Plan Assets at the end of the year | 61.24 | 41.47 |
| Total Actuarial(Loss) /Gain to be recognized | (1.81) | (1.85) |
| Actual Return on Plan Assets : | | |
| Expected Return on Plan Assets | 4.70 | 3.22 |
| Actuarial gain/(loss) on Plan Assets | (0.14) | (0.24) |
| Actual Return on Plan Assets | 4.56 | 2.98 |
| Amount Recognized in the Balance Sheet : | | |
| Liability at the end of the year | 64.51 | 43.31 |
| Fair Value of Plan Assets at the end of the year | 61.24 | 41.47 |
| Amount recognized in the Balance Sheet under "Provision for Employee Benefits" | 3.27 | 1.84 |
| Expense Recognized in the Statement of Profit and Loss: | | |
| Interest Cost | 4.95 | 3.21 |
| Current Service Cost | 4.80 | 3.27 |
| Expected Return on Plan Assets | (4.70) | (3.22) |
| Net Actuarial loss/(gain) to be recognized | 1.81 | 1.85 |
| Expense recognized in the Statement of Profit and Loss under "Employee Benefits Expense" | 6.86 | 5.11 |
| Reconciliation of the Liability Recognized in the Balance Sheet: | | |
| Opening Net Liability | 1.84 | 2.31 |
| Add: Adjustment on amalgamation | 0.54 | - |
| Opening Net Liability after adjustment on amalgamation | 2.38 | - |
| Expense Recognized | 6.86 | 5.11 |
| Contribution by the Corporation | (6.08) | (5.58) |
| Other Adjustment | 0.11 | - |
| Amount recognized in the Balance Sheet under "Provision for Employee Benefits" | 3.27 | 1.84 |
| Based on the above allocation and the prevailing yields on these assets, the long-term estimate of the expected rate of return on fund assets has been arrived at. | | |
| Principal Assumptions: | | |
| Discount Rate (%) | 8.50 | 8-8.25 |
| Return on Plan Assets (%) | 8.00 | 8.00 |
| Investment Pattern: | | |
| Particulars | % Invested in Current Year | % Invested in Previous Year |
| Central Government Securities | 0.67 | 0.61 |
| State Government Securities/Securities guaranteed by State/Central Government | 0.47 | 0.70 |
| Public Sector/Financial Institutional Bonds | 9.55 | 7.51 |
| Portfolio with Mutual Fund | 88.64 | 90.77 |
| Others (including bank balances) | 0.67 | 0.41 |
| Total | 100.00 | 100.00 |

Notes to Financial Statements

38 SEGMENT REPORTING

(A) Primary Segment (Business Segment)

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|---------------------------------|---------------------------------|
| Segment Revenue | | |
| a) Textiles | 3428.98 | 2601.21 |
| b) Others | 65.14 | 82.03 |
| c) Unallocable | - | 0.02 |
| Total Sales | 3494.12 | 2683.26 |
| Less: Inter Segment Revenue | - | - |
| Net Sales | 3494.12 | 2683.26 |
| Segment Results | | |
| Segment Results before Interest & Finance Cost | | |
| a) Textiles | 524.09 | 355.23 |
| b) Others | 0.83 | (0.84) |
| c) Unallocable | (18.38) | (32.36) |
| Total Segment Results | 506.54 | 322.03 |
| Less: Interest & Finance Cost | 270.25 | 187.23 |
| Profit from Ordinary Activities | 236.29 | 134.80 |
| Extra Ordinary Items (Net) | 251.80 | 0.00 |
| Profit before Tax | 488.09 | 134.80 |
| Other Information | | |
| Segment Assets | | |
| a) Textiles | 3327.74 | 2801.29 |
| b) Others | 66.03 | 85.85 |
| c) Unallocable | 1231.20 | 1372.06 |
| Total Assets | 4624.97 | 4259.20 |
| Segment Liabilities | | |
| a) Textiles | 698.08 | 561.13 |
| b) Others | 19.30 | 28.65 |
| c) Unallocable | 117.13 | 61.79 |
| Total Liabilities | 834.51 | 651.57 |
| Segment Depreciation/Impairment | | |
| a) Textiles | 123.74 | 109.25 |
| b) Others | 0.63 | 1.49 |
| c) Unallocable | 6.14 | 5.42 |
| Total Depreciation/Impairment | 130.51 | 116.16 |

(A) Primary Segment (Business Segment) (Contd.)

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|---------------------------------|---------------------------------|
| Capital Expenditure | | |
| a) Textiles | 343.31 | 132.02 |
| b) Others | 1.92 | 4.88 |
| c) Unallocable | 13.40 | 43.87 |
| Total Capital Expenditure | 358.63 | 180.77 |
| Non cash expenses other than Depreciation | | |
| a) Textiles | 3.38 | 1.91 |
| b) Others | 0.00 | 4.91 |
| c) Unallocable | 6.62 | 0.04 |
| Total Non cash expenses other than Depreciation | 10.00 | 6.86 |

(B) Secondary Segment (Geographical by Customers)

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|---------------------------------|---------------------------------|
| Segment Revenue | | |
| a) In India | 1997.05 | 1542.26 |
| b) Outside India | 1497.07 | 1141.00 |
| Total Sales | 3494.12 | 2683.26 |
| Carrying Cost of Assets by location of Assets | | |
| a) In India | 4479.10 | 4157.37 |
| b) Outside India | 145.87 | 101.83 |
| Total | 4624.97 | 4259.20 |
| Addition to Assets | | |
| a) In India | 358.63 | 180.77 |
| b) Outside India | 0.00 | 0.00 |
| Total | 358.63 | 180.77 |

Notes:

- The Company has disclosed business segments as the primary segment. Segments have been identified taking into account the nature of the products, differential risks and returns, the Organizational structure and internal reporting system. The Company's operations predominantly relate to manufacturing of textiles.
- Types of Products and Services in each business segment:
Textiles: Fabric, Yarn and Garments
Others: EPABX Systems (Electronics), Construction and Project Activity
- Intersegment Revenues are recognised at sales price.

39 Related Party Disclosures :

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

List of Related Parties & Relationship :

| Subsidiary Companies | Key Management Personnel and relatives | Joint Venture/Limited Liability Partnership | Company under the control of Key Managerial Personnel |
|--|---|--|---|
| (A) | (B) | (C) | (D) |
| Asman Investment Limited | Shri Sanjay S. Lalbhai, | Arya Omnitalk Wireless Solutions Private Limited | Aura Securities Private Limited |
| The Anup Engineering Limited | Chairman and Managing Director | | |
| Arvind Retail Limited | | Tommy Hilfiger Arvind Fashions Private Limited (Formerly known as Arvind Murjani Brands Private Limited) | |
| Arvind Lifestyle Brands Limited | Shri Jayesh K. Shah, | VF Arvind Brands Private Limited (upto 31st October, 2011) | |
| Arvind Accel Limited | Director & Chief Financial Officer | Arya Omnitalk Radio Trunking Services Private Limited | |
| Syntel Telecom Limited | | Arudrama Developers Private Limited (From 1st April, 2011) | |
| Arvind Infrastructure Limited | Shri Punit S. Lalbhai, | Arvind Bsafal Homes LLP | |
| Arvind Brands and Retail Limited | Son of Chairman and Managing Director | Ahmedabad East Infrastructure LLP | |
| Arvind Envisol Private Limited | | Arvind & Smart Value Homes LLP | |
| Arvind PD Composites Private Limited | Shri Kulin S. Lalbhai, | | |
| Arvind Worldwide Inc., USA | Son of Chairman and Managing Director | | |
| Arvind Worldwide (M) Inc., Mauritius | | | |
| Arvind Overseas (M) Limited, Mauritius | Shri Darshil J. Shah, | | |
| Arvind Spinning Limited, Mauritius | Son of Director & Chief Financial Officer | | |
| Arvind Textile Mills Limited, Bangladesh | | | |

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

Notes to Financial Statements

Related Party Transactions :

₹ in Crores

| Nature of Transactions | Referred in 1(A) Above Year ended | | Referred in 1(B) Above Year ended | | Referred in 1(C) Above Year ended | | Referred in 1(D) Above Year ended | |
|--|--------------------------------------|-------------------|--------------------------------------|-------------------|--------------------------------------|-------------------|--------------------------------------|-------------------|
| | March 31, 2012 | March 31, 2011 |
| Purchases | | | | | | | | |
| Goods and Materials | 4.93 | 83.51 | | | - | 17.10 | | |
| Fixed Assets | 4.07 | 1.54 | | | | | | |
| Sales | | | | | | | | |
| Goods and Materials | 122.86 | 175.83 | | | 7.10 | 17.65 | | |
| Fixed Assets | - | 0.29 | | | 41.24 | - | | |
| Expenses | | | | | | | | |
| Receiving of Services | 7.78 | 60.88 | | | | | | |
| Remuneration & Other Services | | | 5.40 | 4.80 | | | | |
| Others | 0.60 | 1.02 | | | 0.20 | - | | |
| Income | | | | | | | | |
| Rendering of Services | 0.21 | 19.24 | | | 1.97 | 14.87 | | |
| Interest Income | 10.14 | 1.33 | | | 0.44 | 0.42 | | |
| Others | - | 17.82 | | | | | | |
| Finance | | | | | | | | |
| Lease Rent Income | - | 0.19 | | | | | | |
| Loan Given/(Repaid) (Net) | (6.53) | 6.88 | | | | (1.00) | (0.06) | - |
| Interest Expense | - | 1.00 | | | | | 0.63 | 3.68 |
| Lease Rent Expenses | - | 0.19 | | | | | | |
| Debit balances written off | 0.02 | - | | | | | | |
| Loans written off | 7.91 | - | | | | | | |
| Adjustment due to scheme of Arrangement | (132.10) | - | | | 22.00 | - | | |
| Share Application Money | 5.18 | - | | | 8.00 | - | | |
| Diminution in value of Shares | 6.48 | - | | | | | | |
| Guarantees & Collaterals | - | 308.64 | | | - | 22.09 | | |
| Investments (Net) | (34.81) | 3.77 | | | 61.90 | - | | |
| Outstanding : | | | | | | | | |
| Receivable in respect of Current Assets & Capital Advances | 83.54 | 293.88 | | | 3.45 | 14.72 | | |
| Payable in respect of Current Liabilities | 9.47 | 6.64 | | | - | 10.86 | | |
| Receivable/(Payable) in respect of loans | 39.30 | 184.97 | | | - | 3.20 | (0.42) | (0.36) |

Name of Subsidiary

₹ in Crores

| Name of Subsidiary | Loans & Advances in the nature of Loans | |
|--|---|---------------------|
| | Closing Balance | Maximum Outstanding |
| Asman Investments Limited | 2.14 | 158.33 |
| Arvind Worldwide (M) Inc. | 4.93 | 5.14 |
| Arvind Worldwide Inc. USA | 2.29 | 2.39 |
| Arvind Accel Limited | 2.50 | 19.74 |
| The Anup Engineering Limited | 0.10 | 0.10 |
| Arvind Lifestyle Brands Limited | 19.50 | 119.70 |
| Arvind Retail Limited | 7.89 | 13.30 |
| Syntel Telecom Limited | 0.12 | 0.12 |
| Arvind Textile Mills Limited, Bangladesh | 0.01 | 0.01 |
| Arvind Brands and Retail Limited | 1.11 | 1.25 |
| Arvind PD Composite Private Limited | 0.03 | 0.03 |
| Total | 40.62 | 320.11 |

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

Notes to Financial Statements

40 Lease Rent

- (A) Land is taken on lease period of 30 years with no option of renewal, no sub lease of the land and having an escalation clause for increase in lease rental by 5% after block of every 2 years.

The particulars of these leases are as follows:

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 4.22 | - |
| Not later than one year | 0.10 | - |
| Later than one year and not later than five years | 0.43 | - |
| Later than five years | 3.69 | - |
| Lease Payment recognised in Statement of Profit and Loss | 0.11 | - |

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

The particulars of these leases are as follows:

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 72.51 | 100.88 |
| Not later than one year | 7.18 | 6.53 |
| Later than one year and not later than five years | 23.54 | 51.32 |
| Later than five years | 41.79 | 43.03 |
| Lease Payment recognised in Statement of Profit and Loss | 7.09 | 6.41 |

- (C) Plant & Machineries are taken on operating lease for a period of 5 to 8 years with the option of renewal

The particulars of these leases are as follows:

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 183.90 | 124.01 |
| Not later than one year | 35.40 | 21.97 |
| Later than one year and not later than five years | 111.39 | 71.80 |
| Later than five years | 37.12 | 30.24 |
| Lease Payment recognised in Statement of Profit and Loss | 37.55 | 16.83 |

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

The particulars of these leases are as follows:

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 18.09 | 23.92 |
| Not later than one year | 2.56 | 7.66 |
| Later than one year and not later than five years | 9.93 | 16.26 |
| Later than five years | 5.61 | - |
| Lease Payment recognised in Statement of Profit and Loss | 1.68 | 7.11 |

- (E) Plant and machineries - Data Processing Equipments have been acquired under Finance Lease for a period of 33 months with the option of renewal.

The particulars of these leases are as follows:

₹ in Crores

| Particulars as on 31.03.2012 | Minimum lease payments | Present Value of Minimum lease Payments | Interest and Other Charges not due |
|---|------------------------|---|------------------------------------|
| Future Minimum lease payments obligation: | - | - | - |
| Not later than one year | - | - | - |
| Later than one year and not later than five years | - | - | - |
| Later than five years | - | - | - |

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

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

The particulars of these leases are as follows:

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments under non-cancellable operating leases: | - | 0.03 |
| Not later than one year | - | 0.03 |
| Later than one year and not later than five years | - | - |
| Later than five years | - | - |
| Lease income recognised in Statement of Profit and Loss | 0.11 | 0.19 |

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

The particulars of these leases are as follows:

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments under non-cancellable operating leases: | 0.29 | 0.61 |
| Not later than one year | 0.12 | 0.61 |
| Later than one year and not later than five years | 0.18 | - |
| Later than five years | - | - |
| Lease income recognised in Statement of Profit and Loss | 0.43 | 0.63 |

Notes to Financial Statements

41 Disclosures in respect of Joint Venture

(a) List of Joint Ventures:

| Sr. No | Name of Joint Venture | Description of Interest (Description of job) | Proportion of ownership interest | Country of | |
|--------|--|--|----------------------------------|---------------|-----------|
| | | | | Incorporation | Residence |
| 1 | Arya Omnitalk Wireless Solutions Pvt. Limited | Jointly Controlled Entity | 50% | India | India |
| 2 | Tommy Hilfiger Arvind Fashions Private Limited (Formerly known as Arvind Murjani Brands Private Limited) | Jointly Controlled Entity | 50% | India | India |
| 3 | VF Arvind Brands Private Limited (upto 31st October, 2011) | Jointly Controlled Entity | 40% | India | India |
| 4 | Arya Omnitalk Radio Trunking Services Private Limited | Jointly Controlled Entity | 50% | India | India |
| 5 | Arudrama Developers Private Limited (From 1st April, 2011) | Jointly Controlled Entity | 50% | India | India |
| 6 | Arvind Bsafal Homes LLP | Limited Liability Partnership | 50% | India | India |
| 7 | Arvind & Smart Value Homes LLP | Limited Liability Partnership | 50% | India | India |

(b) Financial interest in Jointly Controlled Entities:

₹ in Crores

| Sr. No. | Name of Joint Venture | Company's share in | | | |
|---------|--|--------------------|----------------|-------------------|----------------|
| | | Assets As at | | Liabilities As at | |
| | | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 |
| 1 | Arya Omnitalk Wireless Solutions Pvt. Limited | 18.03 | 16.80 | 11.98 | 11.82 |
| 2 | Tommy Hilfiger Arvind Fashions Private Limited (Formerly known as Arvind Murjani Brands Private Limited) | 55.33 | 23.41 | 41.99 | 14.42 |
| 3 | VF Arvind Brands Private Limited (upto 31st October, 2011) | - | 77.33 | - | 77.71 |
| 4 | Arya Omnitalk Radio Trunking Services Private Limited | 10.04 | 8.42 | 3.26 | 2.17 |
| 5 | Arudrama Developers Private Limited | 2.37 | 0.32 | 0.32 | - |
| 6 | Arvind Bsafal Homes LLP | 46.14 | 29.26 | 26.69 | 12.89 |
| 7 | Arvind & Smart Value Homes LLP | 67.15 | - | 6.20 | - |

| Sr. No. | Name of Joint Venture | Income Year ended | | Expenses Year ended | |
|---------|--|-------------------|----------------|---------------------|----------------|
| | | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 |
| 1 | Arya Omnitalk Wireless Solutions Pvt. Limited | 27.19 | 15.41 | 25.03 | 14.24 |
| 2 | Tommy Hilfiger Arvind Fashions Private Limited (Formerly known as Arvind Murjani Brands Private Limited) | 70.11 | 40.26 | 66.48 | 36.90 |
| 3 | VF Arvind Brands Private Limited (upto 31st October, 2011) | 91.43 | 120.70 | 88.22 | 114.74 |
| 4 | Arya Omnitalk Radio Trunking Services Private Limited | 6.01 | 5.62 | 5.42 | 5.18 |
| 5 | Arvind Bsafal Homes LLP | 24.70 | - | 18.03 | - |
| 6 | Arvind & Smart Value Homes LLP | 21.56 | - | 19.38 | - |

Company's share in:

- Contingent Liability in respect of guarantee given by Bank ₹ 2.80 Crores (₹ 2.10 Crores)
- Disputed Demand in respect of Income Tax, Sales Tax and Service Tax ₹ Nil (₹ 0.10 Crores), ₹ 0.02 Crores (₹ 0.02 Crores) and ₹ 0.44 Crores (₹ 0.44 Crores) respectively.
- Capital commitments ₹ 0.18 Crores (₹ 0.51 Crores).
- Counter Guarantee given to ultimate holding company ₹ Nil (₹ 107.60 Crores).

Note: The above figures are considered based on unaudited financial statements of the respective Jointly Controlled Entities.

42 Impairment of Fixed Assets

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

43 Early adoption of AS 30, Financial Instruments: Recognition and Measurement

- Consequent to the Announcement of the Institute of Chartered Accountants of India (ICAI), the Company had chosen to early adopt 'Accounting Standard - 30, Financial Instruments: Recognition and Measurement' in its entirety, read with the clarification issued on application of AS -30. Accordingly, the Company has changed the designation and measurement of all its significant financial assets and liabilities. All the financial assets and financial liabilities and derivatives have been remeasured at their respective fair values or at amortized cost as against cost except for those items whose accounting treatment is covered by the existing standards notified by Companies (Accounting Standards) Rules, 2006.
- As a result, as on Balance Sheet date, Long Term Borrowings are higher by ₹ 1 Crore, (Previous year ₹ 3.96 Crores) and Hedge Reserve account is debited by ₹ 98.25 Crores (Previous year credited by ₹ 31.89 Crores) on account of fair valuation of outstanding derivatives.

Notes to Financial Statements

44 Foreign Exchange Differences

As per the notification issued by the Ministry of Corporate Affairs dated 31st March, 2009 as amended from time to time, the Company had already exercised the option for accounting of exchange rate differences with effect from April 1, 2007. Consequent to the adoption of that option:

- Exchange rate differences of long-term foreign currency loans which are related to acquisition of depreciable fixed assets have been added to or deducted from the cost of the assets and depreciated over the balance life of the assets and;
- Exchange rate differences on other long-term foreign currency loans have been transferred to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized over the balance period of loans or up to 31st March, 2020 whichever is earlier.

As a result:

- An amount of ₹ 0.30 Crores being the exchange rate difference for the year (Previous year ₹ Nil) has been adjusted against the fixed assets.
- An amount of ₹ 4.19 Crores being the exchange rate loss for the year (Previous year gain of ₹ 0.75 Crores) remains to be amortized as at the balance sheet date.

45 Category-wise Quantitative data about derivative instruments outstanding:

| | Currency | As at 31st March, 2012 | | | As at 31st March, 2011 | | |
|------------------|----------|------------------------|---------------|-------------|------------------------|---------------|-------------|
| | | In Mn | Avg. Ex. Rate | ₹ in Crores | In Mn | Avg. Ex. Rate | ₹ in Crores |
| Forward Sales | USD | 206.87 | 49.1051 | 1,015.84 | 264.76 | 47.5598 | 1,259.19 |
| | EUR | 1.25 | 70.3030 | 8.78 | 3.58 | 64.0061 | 22.91 |
| | GBP | - | - | - | 0.63 | 74.5309 | 4.70 |
| Forward Purchase | USD | 34.03 | 51.1847 | 174.21 | - | - | - |
| Option Deals | USD | 66.00 | 50.6136 | 334.05 | 106.80 | 48.5508 | 518.52 |

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

46 Disclosure in respect of Construction/Job work Contracts

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|------------------------------|------------------------------|
| Amount of Contract Revenue recognized | 16.02 | 4.01 |
| Disclosure in respect of contracts in progress at the reporting date | | |
| Contract cost incurred and recognised profits less recognised losses up to the reporting date | 16.02 | 4.01 |
| Advance received from customers | 5.84 | - |
| Due from customers | 2.15 | 0.08 |

47 Figures less than ₹ 50,000/- which are required to be shown separately, have been shown as actual in brackets.

48 In the opinion of the Board, all assets other than fixed assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated except for reconciliation adjustments in respect of some of the payables and receivables.

49 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date attached

For **Sorab S. Engineer & Co.**

Firm Registration No. 110417W

Chartered Accountants

CA. N. D. Anklesaria

Partner

Membership No.10250

Ahmedabad

May 9, 2012

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Auditors' Report

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

1. We have examined the attached Consolidated Balance Sheet of **Arvind Limited** and its subsidiaries and Joint Ventures (“Arvind Group”) (excluding 3 subsidiaries for the reasons stated in Note No.1c) as at 31st March 2012, the Consolidated Statement of Profit and Loss and also the Consolidated Cash Flow Statement for the year then ended.
2. These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of five subsidiaries and two limited liability partnership entities whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of ₹ 117.29 Crores as at 31st March 2012 and total Revenue of ₹ 144.46 Crores for the year then ended. These Financial Statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. We did not audit the financial statements of two foreign subsidiaries whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of ₹ 5.90 Crores as at 31st March 2012 and total Revenue of ₹ 7.77 Crores for the year then ended. These Financial Statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of these subsidiaries, is based solely on the report of the other auditors.
5. We did not audit the financial statements of five joint venture entities and one limited liability partnership entity whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of ₹ 151.97 Crores as at 31st March 2012 and total Revenue of ₹ 216.31 Crores for the year then ended which were prepared by the management. The same has been considered for the purpose of consolidation and accepted as correct by us. Any adjustment to their balances on completion of audit could have consequential effect on the attached Consolidated Financial Statements.
6. As mentioned in Note No. 37 in respect of early adoption of Accounting Standard (AS) – 30 on ‘Financial Instruments: Recognition and Measurement’ issued by the Institute of Chartered Accountants of India and the clarification issued on Application of AS 30, the Company has measured all its Financial Assets and Liabilities at their respective Fair Values or at Amortized Cost except for those items whose accounting treatment is covered by the existing accounting standards notified by Companies (Accounting Standard) Rules, 2006. Accordingly, the carrying amount of Long Term Borrowings would have been lower by ₹ 1 Crore and carrying value of Hedge Reserve would have been higher by ₹ 98.25 Crores.
7. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, ‘Consolidated Financial Statements’ with reference to note mentioned in para 6 above and Accounting Standard (AS) 27, ‘Financial Reporting of Interests in Joint Ventures’, as notified by Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Arvind Group included in the consolidated financial statements.
8. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Arvind Group, we are of the opinion that :
 - (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Arvind Group as at 31st March, 2012;
 - (b) the Consolidated Statement of Profit and Loss gives a true and fair view of the consolidated Profits of operations of the Arvind Group for the year then ended and
 - (c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Arvind Group for the year then ended.

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

CA. N D Anklesaria
Partner
Membership No. 10250

Ahmedabad
May 9, 2012

Consolidated Balance Sheet as at 31st March, 2012

| | Note | As at March 31, 2012 | ₹ in Crores As at March 31, 2011 |
|--|------|-------------------------|--|
| Equity and Liabilities | | | |
| Shareholders' funds | | | |
| Share Capital | 3 | 258.04 | 254.40 |
| Reserves and Surplus | 4 | 1,773.75 | 1,440.44 |
| Minority Interest | | 9.13 | 16.05 |
| Non-current liabilities | | | |
| Long Term Borrowings | 5 | 777.04 | 894.50 |
| Deferred Tax Liabilities (Net) | 6 | 18.88 | 21.69 |
| Other Long Term Liabilities | 7 | 8.84 | 5.91 |
| Long Term Provisions | 8 | 50.45 | 9.93 |
| Current liabilities | | | |
| Short Term Borrowings | 9 | 1,174.94 | 1,069.47 |
| Trade Payables | 10 | 926.74 | 938.76 |
| Other Current Liabilities | 7 | 310.90 | 342.02 |
| Short Term Provisions | 8 | 100.64 | 10.77 |
| Total | | 5,409.35 | 5,003.94 |
| Assets | | | |
| Non-current assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 11 | 2,464.79 | 2,364.98 |
| Intangible Assets | 12 | 128.36 | 145.60 |
| Capital Work-in-progress | | 179.39 | 89.80 |
| Intangible Assets under development | | 12.42 | - |
| Non-current Investments | 13 | 41.70 | 60.97 |
| Long Term Loans and Advances | 14 | 279.91 | 223.39 |
| Other Non-current Assets | 15 | 6.02 | 10.01 |
| Current assets | | | |
| Inventories | 16 | 1,126.12 | 1,236.34 |
| Trade Receivables | 17 | 642.20 | 501.75 |
| Cash and Bank Balances | 18 | 70.85 | 58.52 |
| Short Term Loans and Advances | 14 | 197.16 | 172.97 |
| Other Current Assets | 15 | 260.43 | 139.61 |
| Total | | 5,409.35 | 5,003.94 |
| 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

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

Ahmedabad
May 9, 2012

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Consolidated Statement of Profit and Loss for the year ended on 31st March, 2012

| | Note | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|------|------------------------------|------------------------------|
| Revenue from operations (Gross) | 21 | 4,995.91 | 4,126.61 |
| Less: Excise Duty | | 70.79 | 41.99 |
| Revenue from operations (Net) | | 4,925.12 | 4,084.62 |
| Other Income | 22 | 118.50 | 54.70 |
| Total Revenue | | 5,043.62 | 4,139.32 |
| Expenses: | | | |
| Cost of materials and accessories consumed | 23 | 1,622.19 | 1,595.22 |
| Project Expense | | 99.69 | 42.89 |
| Purchases of Stock in Trade | | 727.24 | 512.57 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 24 | (54.41) | (215.25) |
| Employee benefits expense | 25 | 451.40 | 395.27 |
| Finance costs | 26 | 309.10 | 236.00 |
| Depreciation and amortization expense | 27 | 161.39 | 172.49 |
| Other expenses | 28 | 1,476.77 | 1,224.27 |
| Total Expenses | | 4,793.37 | 3,963.46 |
| Profit before exceptional and extraordinary items and tax | | 250.25 | 175.86 |
| Exceptional items | | - | - |
| Profit before extraordinary items and tax | | 250.25 | 175.86 |
| Extraordinary Items | 29 | 245.04 | - |
| Profit before Tax | | 495.29 | 175.86 |
| Tax expense: | | | |
| Current Tax | | 94.54 | 33.21 |
| Deferred tax | | (2.76) | 8.92 |
| MAT Credit Entitlement | | (32.37) | (31.62) |
| Profit for the year before adjustment for Minority Interest | | 435.88 | 165.35 |
| Share of Profit transferred to Minority Interest | | 0.01 | 0.48 |
| Net Profit for the year after adjustment for Minority Interest | | 435.87 | 164.87 |
| Earnings per equity share | 31 | | |
| (Nominal Value per Share ₹ 10/- (Previous year ₹ 10/-): | | | |
| Basic and Diluted | | | |
| Before Extraordinary Items | | 9.48 | 6.89 |
| After Extraordinary Items | | 16.90 | 6.89 |
| 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

CA. N. D. Anklesaria

Partner

Membership No.10250

Ahmedabad

May 9, 2012

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Consolidated Cash Flow Statement for the year ended on 31st March, 2012

₹ in Crores

| | Year ended March 31, 2012 | Year ended March 31, 2011 | |
|---|---------------------------|---------------------------|----------|
| A CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Profit Before taxation | 495.29 | | 175.86 |
| Adjustments for: | | | |
| Depreciation/Amortization | 161.39 | 172.49 | |
| Interest Income | (7.35) | (6.37) | |
| Interest Expenses | 278.63 | 209.76 | |
| Dividend Income | (0.26) | (0.25) | |
| Bad Debts Written Off (Including Provision) | 2.67 | 0.64 | |
| Sundry Debit Written off | 1.38 | 6.83 | |
| Sundry Credit Balances Appropriated | (2.83) | - | |
| Fixed Assets written off | 2.02 | 0.52 | |
| Profit on Sale of Land held for sale | (67.40) | - | |
| Profit on Sale of Tangible/Intangible assets | (13.52) | (30.41) | |
| Loss on sale of Investment | 1.54 | 0.08 | |
| Extra Ordinary Item | (245.04) | - | |
| | 111.23 | | 353.29 |
| Operating Profit before Working Capital Changes | 606.52 | | 529.15 |
| Working Capital Changes: | | | |
| Changes in Inventories | 64.81 | (453.15) | |
| Changes in trade payables | (9.19) | 344.65 | |
| Changes in other current liabilities | 40.66 | (54.61) | |
| Changes in provisions | 3.54 | 4.87 | |
| Changes in loans and advances | (72.53) | (65.44) | |
| Changes in trade receivables | (143.12) | (74.23) | |
| Changes in Other assets | (78.69) | 4.93 | |
| Changes in Other Bank Balances | (7.22) | (8.36) | |
| Net Changes in Working Capital | (201.74) | | (301.34) |
| Cash Generated from Operations | 404.78 | | 227.81 |
| Direct Taxes paid (Net of Income Tax refund) | (83.92) | | (31.08) |
| Net Cash Flow from Operating Activities | 320.86 | | 196.73 |
| B Cash Flow from Investing Activities | | | |
| Purchase of tangible/intangible assets | (449.25) | (225.72) | |
| Sale of tangible assets | 118.12 | 113.11 | |
| Sale of Land held for sale | 98.78 | - | |
| Change in Long Term Investments | 13.55 | 4.57 | |
| Changes in Loans given | 14.42 | 0.82 | |
| Dividend Income | 0.26 | 0.25 | |
| Interest Income | 7.07 | 5.79 | |
| Net cash flow before Extra Ordinary Item | (197.05) | (101.18) | |
| Proceeds from Sale of Investment in Joint Venture | 245.04 | - | |
| Net cash flow from Investing Activities | 47.99 | | (101.18) |
| C Cash Flow from Financing Activities | | | |
| Issue of Share Capital | 0.23 | 14.91 | |
| Securities Premium received | 0.11 | 11.13 | |
| Tax on Interim Dividend on Preference Share | - | (0.06) | |
| Changes in long term Borrowings | (169.18) | (84.14) | |
| Changes in short term borrowings | 101.85 | 158.70 | |
| Interest Paid | (294.71) | (206.22) | |
| Net Cash flow from Financing Activities | (361.70) | | (105.68) |
| Net Increase/(Decrease) in cash & cash equivalents | 7.15 | | (10.13) |
| Cash & Cash equivalents at the beginning of the period | 33.70 | | 43.83 |
| Cash & Cash equivalents at the end of the period | 40.85 | | 33.70 |

As per our report of even date attached

For **Sorab S. Engineer & Co.**

Firm Registration No. 110417W

Chartered Accountants

CA. N. D. Anklesaria

Partner

Membership No.10250

Ahmedabad

May 9, 2012

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Notes to Consolidated Financial Statement:

1. BASIS OF CONSOLIDATION

Basis

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

Principles

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

| Sr. No. | Name of subsidiary | Country of incorporation | Proportion of ownership as on 31st March 2012 |
|---------|---|--------------------------|---|
| 1 | Asman Investments Limited | India | 81.88% |
| 2 | The Anup Engineering Limited | India | 88.24% |
| 3 | Arvind Worldwide Inc. | USA | 100% |
| 4 | Arvind Worldwide (M) Inc. | Mauritius | 100% |
| 5 | Arvind Accel Limited | India | 100% |
| 6 | Syntel Telecom Limited | India | 100% |
| 7 | Arvind Infrastructure Limited | India | 100% |
| 8 | Arvind Brands & Retail Limited (Formerly known as Silverstone Properties Limited) | India | 99.50% |
| 9 | Arvind Lifestyle Brands Limited | India | 99.75% |
| 10 | Arvind Retail Limited | India | 99.76% |
| 11 | Ahmedabad East Infrastructure LLP | India | 100% |
| 12 | Arvind Envisol Private Limited | India | 100% |
| 13 | Arvind PD Composites Private Limited | India | 51% |

- (b) The List of Subsidiaries not included in the Consolidated Financial Statements are as under :

| Sr. No. | Name of subsidiary | Country of incorporation | Proportion of ownership as on 31st March 2012 |
|---------|-------------------------------------|--------------------------|---|
| 1 | Arvind Overseas (Mauritius) Limited | Mauritius | 100% |
| 2 | Arvind Spinning Limited | Mauritius | 100% |
| 3 | Arvind Textile Mills Limited | Bangladesh | 100% |

Notes to Consolidated Financial Statement:

Notes:

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

In view of above, such subsidiaries have been excluded from consolidation as there are no material economic resources or obligations to be disclosed in case of such companies.

- (c) The following Joint Venture entities and Limited Liability Partnerships have been included in the Consolidated Financial Statements :

| Sr. No. | Name of the Entity | Country of incorporation | Proportion of ownership as on 31st March 2012 |
|---------|---|--------------------------|---|
| 1 | Arya Omnitalk Wireless Solutions Private Limited | India | 50% |
| 2 | Arya Omnitalk Radio Trunking Services Private Limited | India | 50% |
| 3 | Tommy Hilfiger Arvind Fashions Private Limited (formerly known as Arvind Murjani Brands Private Limited) | India | 50% |
| 4 | VF Arvind Brands Private Limited (Upto 31st October, 2011) | India | 40% |
| 5 | Arvind B-Safal Homes LLP | India | 50% |
| 6 | Arvind Smart Value Homes LLP | India | 50% |
| 7 | Arudrama Developers Private Limited | India | 50% |

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) REVENUE RECOGNITION

- (A.1) Sales and operating income includes sale of products, by-products and waste, income from job work services and gain or loss on forward contracts. Sales are recognised based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognised on shipment basis. Sales are stated net of returns, excise duty & Sales Tax/VAT. Export incentives are accounted on accrual basis at the time of export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.
- (A.2) Retail sales and revenues are recognised on delivery of the merchandise to the customer, when the property in the goods is transferred for a price, when significant risks and rewards have been transferred and no effective ownership control is retained. Sales are net of discount, sales tax and VAT are reduced from Retail Turnover.
- (A.3) The property in the merchandise of third party consignment stock does not pass to the Company. Since, however, the sale of such stock forms a part of the activities of the Company's departmental stores, the gross sales values and cost of the merchandise are displayed separately in the statement of profit and loss.
- (A.4) In respect of gift vouchers and point award schemes operated by the Company, sales are recognised when the gift vouchers or points are redeemed and the merchandise is sold to the customer.
- (A.5) Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/ displayed. Facility management fees are recognised pro-rata over the period of the contract.
- (A.6) Revenue from job work services and Rental Income are recognised based on the services rendered in accordance with the terms of contracts.
- (A.7) Revenue in respect of projects for Construction of Plants and Systems, execution of which is spread over different accounting periods, is recognised on the basis of percentage of completion method in accordance with Accounting Standard 7 - Accounting for Construction Contracts.

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

Difference between costs incurred plus recognised profit / less recognised losses and the amount invoiced is treated as contract in progress. Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, relating to the percentage of completion, costs to completion, and the expected revenue from the contract and the foreseeable losses to completion.

Notes to Consolidated Financial Statement:

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

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

(B) VALUATION OF INVENTORY

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

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

(C) FIXED ASSETS & DEPRECIATION

Tangible Assets

(C.1) Fixed assets are stated at their original cost of acquisition or construction / revalued cost wherever applicable less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of launching new stores to the extent they are attributable to the new store.

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

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

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

(C.5) Additions to fixed assets have been stated at cost net of CENVAT wherever applicable.

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

(C.7) Depreciation on additions to Fixed Assets has been provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956, as existing at the time of capitalization except for motor vehicles where depreciation has been provided at 20/25%.

(C.8) Depreciation on lease hold improvements in case of Branded Garment Segment has been provided at 10% & in case of Furniture given to Employees it has been provided at 18%.

(C.9) Depreciation on impaired asset is provided on the asset's revised carrying amount, over its remaining useful life.

(C.10) Depreciation on exchange rate difference capitalized is provided over the balance life of the assets as per the notification dated 31st March, 2009 as amended from time to time issued by the Ministry of Corporate Affairs.

(C.11) Individual assets costing less than ₹ 5,000/- have been fully depreciated in the year of purchase on prorata basis.

(C.12) In the case of foreign subsidiaries, depreciation has been provided as per the rates permitted under the local laws/at such rate so as to write off the assets over its useful life.

(C.13) Premium on Leasehold Land is amortized over the period of Lease.

(C.14) Revaluation Reserve on Assets sold is transferred to General Reserve.

Intangible Assets

(C.15) Intangible assets are stated at their cost of acquisition and / or fair value, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its value/cost can be reliably measured.

(C.16) The Company capitalizes software and related implementation costs where it is reasonably estimated that the software has an enduring useful life.

(C.17) Job Workers' Network Value and Vendors' Network Value have been amortized on Straight Line basis over the period of five years. Value of License Brands and Brand Value have been amortized in the ratio of revenue expected to be generated from these brands over the period of ten years.

(C.18) Software is depreciated over management estimate of its useful life of 5 years.

(C.19) Patent/Knowhow is depreciated over its useful validity period.

(D) INVESTMENTS

(D.1) Investments are classified as Long Term Investments and Current Investments. Long term investments are stated at cost less permanent diminution in value, if any. Current Investments are stated at lower of cost and net realizable value.

Notes to Consolidated Financial Statement:

- (D.2) Investments in subsidiaries are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.
- (D.3) Investment property: Investment in buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company, have been classified as investment property. Investment properties are carried at cost less accumulated depreciation.

(E) IMPAIRMENT OF ASSETS

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

(F) FOREIGN CURRENCY TRANSACTIONS

- (F.1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (F.2) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- (F.3) Non-monetary foreign currency items are carried at cost.
- (F.4) All long term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the year have been restated at the rate prevailing at the balance sheet date. The difference arising as a result has been added to or deducted from the cost of the assets as per the notification issued by the Ministry of Corporate Affairs dated March 31, 2009 as amended from time to time. Exchange rate difference on other long term foreign currency loans is carried to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized up to the period of loan or up to March 31, 2020 whichever is earlier.
- (F.5) Any income or expense on account of exchange difference either on settlement or on translation other than as mentioned in (F.4) above is recognised in the statement of profit and loss.
- (F.6) Expenses of overseas offices are translated and accounted at the monthly average rate.

(G) DERIVATIVES & COMMODITY HEDGING TRANSACTIONS

- (G.1) In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company neither holds nor issues any derivative financial instruments for speculative purposes.
- (G.2) Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.
- (G.3) Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in hedging reserve account. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to hedged risk. Any cumulative gain or loss on the hedging instrument recognised in hedging reserve is kept in hedging reserve until the forecast transaction occurs or the hedged accounting is discontinued. Amounts deferred to hedging reserve are recycled in the statement of profit and loss in the periods when the hedged item is recognised in the statement of profit and loss or when the portion of the gain or loss is determined to be an ineffective hedge.
- (G.4) Derivative financial instruments that do not qualify for hedge accounting are marked to market at the balance sheet date and gains or losses are recognised in the statement of profit and loss immediately.
- (G.5) Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in hedging reserve is transferred to profit or loss for the year.

(H) EMPLOYEE BENEFITS

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

Notes to Consolidated Financial Statement:

(I) BORROWING COST

For Arvind Limited

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds. It is calculated on the basis of effective interest rate in accordance with Accounting Standard (AS) -30 and considered as revenue expenditure and charged to statement of profit and loss for the year in which it is incurred except for borrowing costs attributed to the acquisition/improvement of qualifying assets up to the date when such assets are ready for intended use are capitalised as a part of the cost of such asset.

For Subsidiaries and Joint Ventures

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

(J) LEASE ACCOUNTING

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

(K) TAXES ON INCOME

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

(L) EARNING PER SHARE

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

(M) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

(N) CAPITAL ISSUE EXPENSES

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

(O) ACCOUNTING FOR JOINT VENTURE

Accounting for Joint Venture has been done as follows:

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

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

Notes to Consolidated Financial Statement:

| | | As at March 31, 2012 | ₹ in Crores As at March 31, 2011 |
|-------------------------------------|---|-------------------------|--|
| 3 Share Capital | | | |
| Authorised | | | |
| Equity Shares | 565,000,000 Shares (Previous Year 360,000,000) Par Value of ₹10/- per share | 565.00 | 360.00 |
| Preference Shares | 10,000,000 Shares (Previous Year 9,000,000) Par Value of ₹100/- per share | 100.00 | 90.00 |
| | | 665.00 | 450.00 |
| Issued | | | |
| Equity Shares | 254,633,441 Shares (Previous Year 254,400,941) Par Value of ₹10/- per share | 254.63 | 254.40 |
| | | 254.63 | 254.40 |
| Subscribed and fully paid up | | | |
| Equity Shares | 254,632,541 Shares (Previous Year 254,400,041) Par Value of ₹10/- per share fully paid up | 254.63 | 254.40 |
| Forfeited Shares | 900 Shares (Previous Year 900) (₹ 4,500/- originally paid up (Previous Year ₹ 4,500/-) Equity Shares Suspense Account (Note 30) | 3.41 | - |
| | Total | 258.04 | 254.40 |

a Reconciliation of Number of Equity Shares

| Particulars | As At March 31, 2012 | | As At March 31, 2011 | |
|--|----------------------|---------------|----------------------|-------------|
| | No. of Shares | ₹ in Crores | No. of Shares | ₹ in Crores |
| Balance at the beginning of the year | 254,400,041 | 254.40 | 231,977,541 | 231.98 |
| Add: Shares allotted pursuant to conversion of warrants | - | - | 20,050,000 | 20.05 |
| Shares allotted pursuant to exercise of Employee Stock Option Plan | 232,500 | 0.23 | 2,372,500 | 2.37 |
| Balance at the end of the year | 254,632,541 | 254.63 | 254,400,041 | 254.40 |

b Rights, Preferences and Restrictions attached to Shares**Equity Shares:**

The Company has one class of shares referred to as equity shares having a par value of ₹ 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.

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

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|-------------------------------------|-------------------------|-------------------------|
| Aura Securities Private Limited | 8,57,38,882 | 8,52,38,882 |
| | 33.67% | 33.51% |
| Life Insurance Corporation of India | 1,65,58,953 | 1,65,58,953 |
| | 6.50% | 6.51% |

d Shares reserved for issue under the Scheme of Arrangement

Refer note 30 for details of shares to be issued under the Scheme of Arrangement

e Shares reserved for issue under options

Refer note 32 for details of shares to be issued under options

f Proposed Dividend

The final dividend proposed for the year is as follows:

| Particulars | As At March 31, 2012 | As At March 31, 2011 |
|---------------------------------|-------------------------|-------------------------|
| On Equity Shares of ₹ 10/- each | | |
| Dividend per Equity Share (₹) | 1 | - |
| Percentage of Dividend Proposed | 10% | - |

Notes to Consolidated Financial Statement:

4 Reserves and Surplus

Capital Reserve

Balance as per last financial statements

Less: Adjustment on Amalgamation

Add: Addition during the year

Capital Reserve on Consolidation (Note 41)

Balance as per last financial statements

Special Reserve

Balance as per last financial statements

Add: Addition during the year

Reserve on Exchange Rate Fluctuation

Balance as per last financial statements

Add: Addition during the year

General Reserve

Balance as per last financial statements

Add: Amount transferred from Revaluation Reserve

Securities Premium Account

Balance as per last financial statements

Less: Adjustment on Consolidation

Add: Addition during the year

Less: Utilised during the year

Debenture Redemption Reserve

Balance as per last financial statements

Less: Amount transferred to Surplus in Statement of Profit and Loss

Capital Redemption Reserve

Balance as per last financial statements

Revaluation Reserve (Note 11c)

Balance as per last financial statements

Add: Addition during the year

Less: Amount transferred to General Reserve

Less: Loss on Compulsory Acquisition adjusted

Hedge Reserve (Note 37)

Balance as per last financial statements

Add: Adjustment during the year (Net)

Investment Revaluation Reserve

Balance as per last financial statements

Less: Adjustment on Amalgamation

Add: Adjustment during the year (Net)

Surplus in Statement of Profit and Loss

Balance as per last financial statements

Add: Adjustment on Consolidation

Less: Amount transferred to Statement of Profit and Loss on account of Amalgamation (Note 30)

Add: Profit for the year

Less: Appropriations

Proposed dividend on Equity Shares for the year

Dividend distribution tax on Proposed dividend on Equity Shares

Transfer to Special Reserve

Add: Transferred from Debenture Redemption Reserve

₹ in Crores

As at

March 31, 2011

As at
March 31, 2012

| | | |
|--------------|-----------------|----------|
| | 29.97 | 29.91 |
| | (1.44) | 0.00 |
| | - | 0.06 |
| | 28.53 | 29.97 |
| | 28.35 | 28.35 |
| | 0.20 | 0.00 |
| | 0.20 | 0.20 |
| | 0.40 | 0.20 |
| | (0.47) | (0.50) |
| | (0.26) | 0.03 |
| | (0.73) | (0.47) |
| | 5.79 | - |
| | 20.37 | 5.79 |
| | 26.16 | 5.79 |
| | 711.42 | 720.54 |
| | (57.99) | - |
| | 0.11 | 11.13 |
| | 653.54 | 731.67 |
| | - | 20.25 |
| | 653.54 | 711.42 |
| | - | 0.90 |
| | - | 0.90 |
| | - | - |
| | 69.50 | 69.50 |
| | 305.86 | 80.67 |
| | - | 230.98 |
| | 305.86 | 311.65 |
| | 20.37 | 5.79 |
| | 0.67 | - |
| | 284.82 | 305.86 |
| | 31.89 | 33.29 |
| | (130.14) | (1.40) |
| | (98.25) | 31.89 |
| | 3.29 | (1.65) |
| | (5.48) | 0.00 |
| | 2.19 | 4.94 |
| | - | 3.29 |
| | 254.64 | 82.92 |
| | 177.42 | 6.21 |
| | 432.06 | 89.13 |
| | (56.31) | - |
| | 375.75 | 89.13 |
| | 435.87 | 164.87 |
| | 811.62 | 254.00 |
| | 25.80 | - |
| | 4.19 | 0.06 |
| | 0.20 | 0.20 |
| | - | 0.90 |
| | 781.43 | 254.64 |
| | 1,773.75 | 1,440.44 |
| Total | | |

Notes to Consolidated Financial Statement:

₹ in Crores

| 5 Long Term Borrowings | Non- Current portion | | Current Maturities | |
|---|----------------------|----------------|--------------------|----------------|
| | As At | | As At | |
| | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 |
| Secured: | | | | |
| Term Loans : | | | | |
| From Banks | 672.31 | 737.15 | 145.26 | 163.45 |
| From Financial Institutions and Others | 102.15 | 144.85 | 18.35 | 69.47 |
| Unsecured: | | | | |
| From Financial Institutions and Others | 2.58 | 1.70 | - | - |
| Deferred Electricity Duty | - | 10.80 | 12.69 | 11.87 |
| Finance Lease Obligation | - | - | - | 1.48 |
| | 777.04 | 894.50 | 176.30 | 246.27 |
| Amount disclosed under the head "Other Current Liabilities" (Note 7) | - | - | 176.30 | 246.27 |
| Total | 777.04 | 894.50 | - | - |

| a Borrowings | As At | As At |
|-------------------|----------------|----------------|
| | March 31, 2012 | March 31, 2011 |
| At Amortized Cost | 953.34 | 1,140.77 |
| At Original Cost | 952.34 | 1,144.73 |

6 Deferred Tax

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

In compliance with provisions of Accounting Standard and based on General Prudence, the Company has not recognised the deferred tax asset nor written back excess deferred tax liability, while preparing the accounts of the year under review.

₹ in Crores

| 7 Other Liabilities | Non- Current | | Current | |
|--|----------------|----------------|----------------|----------------|
| | As At | | As At | |
| | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 |
| Current maturities of long-term borrowings (Note 5) | - | - | 176.30 | 246.27 |
| Interest accrued but not due on borrowings | - | - | 6.14 | 5.08 |
| Income received in advance | 0.03 | - | 4.47 | 0.96 |
| Advances from Customers | - | - | 49.86 | 43.25 |
| Statutory dues including Provident Fund and Tax deducted at Source | - | - | 22.78 | 17.45 |
| Security Deposits | 8.81 | 5.91 | 4.71 | 3.35 |
| Investor Education and Protection Fund shall be credited by the following amount namely: @ | | | | |
| Unpaid dividend | - | - | 0.34 | 0.33 |
| Book Overdraft | - | - | 1.81 | 1.48 |
| Others | - | - | 44.49 | 23.85 |
| Total | 8.84 | 5.91 | 310.90 | 342.02 |

@ There are no amounts due for payment to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

₹ in Crores

| 8 Provisions | Long Term | | Short Term | |
|--|----------------|----------------|----------------|----------------|
| | As At | | As At | |
| | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 |
| Provision for Employee Benefits | 9.05 | 9.93 | 11.24 | 6.96 |
| Provision for Losses on Derivative Contracts | 41.40 | - | 53.23 | - |
| Proposed Dividend | - | - | 25.80 | - |
| Dividend Distribution Tax | - | - | 4.19 | - |

Notes to Consolidated Financial Statement:

₹ in Crores

| | Long Term | | Short Term | |
|---|----------------|----------------|----------------|----------------|
| | As At | As At | As At | As At |
| | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 |
| 8 Provisions (Contd.) | | | | |
| Provision for Income Tax (Net of Advance Tax) | - | - | 2.23 | - |
| Provision for Wealth tax | - | - | 1.03 | 0.80 |
| Provision for Loyalty Points | - | - | 0.11 | 0.20 |
| Provision for Litigation/Disputed Matters | - | - | 2.81 | 2.81 |
| Total | 50.45 | 9.93 | 100.64 | 10.77 |

a 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:

₹ in Crores

Particulars

Balance as per last financial statements
Net Provision/(Reversal) made during the year

| As at | As at |
|----------------|----------------|
| March 31, 2012 | March 31, 2011 |
| 0.20 | 0.30 |
| (0.09) | (0.10) |
| 0.11 | 0.20 |

Balance at the end of the year

b Provision for Litigation/Disputed Matters

The Company has made provisions for pending disputed matters in respect of Indirect Taxes like Sales Tax, Excise Duty and Custom Duty, the liability 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:

₹ in Crores

Particulars

Balance as per last financial statements

| As at | As at |
|----------------|----------------|
| March 31, 2012 | March 31, 2011 |
| 2.81 | 2.81 |
| 2.81 | 2.81 |

Balance at the end of the year

9 Short Term Borrowings

Secured:

Working Capital Loans repayable on demand
From Banks
From Financial Institutions and Others

| | |
|-----------------|-----------------|
| 1,060.16 | 1,019.16 |
| 8.26 | - |
| 1,068.42 | 1,019.16 |

Unsecured:

Under Buyer's Credit Arrangement from Banks
Loans repayable on demand from Banks
Intercompany Deposits
From Related Parties
From Others

| | |
|---------------|--------------|
| 38.07 | 26.78 |
| 0.95 | - |
| 1.42 | 0.91 |
| 66.08 | 22.62 |
| 106.52 | 50.31 |

Total

| | |
|-----------------|-----------------|
| 1,174.94 | 1,069.47 |
|-----------------|-----------------|

10 Trade Payables

Creditors in respect of Goods and Services (Note a)
Acceptances
Payable to employees

| | |
|---------------|---------------|
| 728.84 | 756.40 |
| 164.55 | 160.20 |
| 33.35 | 22.16 |
| 926.74 | 938.76 |

a The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:

- (a) Amount due and outstanding to suppliers as at the end of accounting year;
- (b) Interest paid during the year;
- (c) Interest payable at the end of the accounting year; and
- (d) Interest accrued and unpaid at the end of the accounting year

have not been given.

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

Notes to Consolidated Financial Statement:

11 Tangible Assets

₹ in Crores

| Particulars | Gross Block | | | | | Depreciation / Amortization | | | | Net Block | | | |
|--|---------------------|--------------------------------|----------------------------------|---------------|---------------|-----------------------------|---------------------|---------------------|-----------------------------------|-----------------|--------------|---------------------|---------------------|
| | As on 01.04.2011 | Adjustment on Consolidation | Adjustment due to Revaluation | Additions | Deduction | Other Adjustments | As on 31.03.2012 | As on 01.04.2011 | Adjustment on Consolidation | For the year | Deductions | As on 31.03.2012 | As on 31.03.2011 |
| Leasehold Land | 172.06 | 24.59 | | | | | 196.65 | | | | | 196.65 | 172.06 |
| Machinery acquired on Finance Lease | 1.66 | | | | 1.66 | | 0.00 | 0.54 | | 0.26 | 0.80 | 0.00 | 1.12 |
| Own Assets | | | | | | | | | | | | | |
| Freehold Land | 939.22 | 119.40 | | 5.26 | 184.79 | | 879.09 | | | | | 879.09 | 939.22 |
| Building | 585.65 | (23.28) | | 11.49 | 1.73 | 0.04 | 572.17 | 149.89 | (23.20) | 18.73 | 0.37 | 145.05 | 435.76 |
| Plant and Machinery | 1969.32 | (285.50) | | 239.52 | 18.89 | 4.20 | 1908.65 | 1300.81 | (271.43) | 110.09 | 10.56 | 1128.91 | 668.51 |
| Furniture and Fixtures | 66.74 | 0.72 | | 16.17 | 11.77 | 0.01 | 71.87 | 21.22 | 0.09 | 4.29 | 9.42 | 16.18 | 45.52 |
| Office Equipments | 34.89 | (7.13) | | 5.71 | 2.53 | | 30.94 | 12.14 | (5.36) | 1.92 | 1.87 | 6.83 | 22.75 |
| Leasehold Improvements | 89.64 | (3.42) | | 33.24 | 1.33 | 0.02 | 118.15 | 19.56 | (2.76) | 10.81 | 0.06 | 27.55 | 70.08 |
| Vehicles | 16.58 | (0.45) | | 5.73 | 2.02 | | 19.84 | 6.62 | (0.40) | 3.12 | 1.29 | 8.05 | 9.96 |
| Boot Assets | 0.09 | | | | 0.09 | | 0.00 | 0.09 | | | 0.09 | 0.00 | 0.00 |
| Total | 3,875.85 | (175.07) | - | 317.12 | 224.81 | 4.27 | 3,797.36 | 1,510.87 | (303.06) | 149.22 | 24.46 | 1,332.57 | 2,364.98 |
| Previous Year | 3,647.10 | 9.63 | 230.98 | 142.81 | 154.67 | - | 3,875.85 | 1,379.08 | 5.24 | 163.72 | 37.17 | 1,510.87 | 2,268.02 |

a Freehold Land includes some lands which are pending for registration in favour of the Company.

b Buildings includes ₹ 0.79 Crores (Previous year ₹ 0.79 Crores) in respect of ownership flats in Co-Operative Housing Society and (₹ 500/-) (Previous year Rs 500/-) in respect of shares held in Co-Operative Housing Society.

c Gross block was revalued in 2011 by an external valuer at the then market value which resulted in a net increase of ₹ 230.98 Crores and credited to revaluation reserve.

d Deduction of Freehold Land includes transfer of Land Rs 99.09 Crores (Previous year ₹ 34.50 Crores) to Land held for Sale.

e Deduction of Gross Block includes Capital Subsidy of ₹ Nil (Previous year ₹ 1.89 Crores) received during the year.

f For details of acquisition through amalgamation, refer Note 30.

g Details of Borrowing Cost and Exchange Differences:

| Particulars | Other Adjustments | | Addition in Capital Work in Progress | |
|----------------------|-------------------|-----------|--------------------------------------|-----------|
| | For the year | | For the year | |
| | 2011-2012 | 2010-2011 | 2011-2012 | 2010-2011 |
| Borrowing Cost | 4.20 | - | 12.94 | - |
| Exchange Differences | 0.07 | - | 0.23 | - |
| Total | 4.27 | - | 13.17 | - |

₹ in Crores

Notes to Consolidated Financial Statement:

12 Intangible Assets

₹ in Crores

| Particular | Gross Block | | | | Amortization | | | | | Net Block | | |
|------------------------------|---------------------|-----------------------------------|--------------|-------------|---------------------|---------------------|-----------------------------------|--------------|-------------|---------------------|---------------------|---------------------|
| | As on 01.04.2011 | Adjustment on Consolidation | Additions | Disposals | As on 31.03.2012 | As on 01.04.2011 | Adjustment on Consolidation | For the year | Deductions | As on 31.03.2012 | As on 31.03.2012 | As on 31.03.2011 |
| Own Assets | | | | | | | | | | | | |
| Goodwill on Consolidation | 50.79 | (48.70) | 19.95 | | 22.04 | | | | | - | 22.04 | 50.79 |
| Patent and Technical Knowhow | 0.27 | | 0.06 | | 0.33 | 0.14 | | 0.06 | | 0.20 | 0.13 | 0.13 |
| Computer Software | 33.66 | | 4.39 | 0.96 | 37.09 | 20.58 | | 4.16 | 0.95 | 23.79 | 13.30 | 13.08 |
| Brand Value & Licence Brands | 83.13 | | 18.89 | | 102.02 | 6.33 | | 6.00 | | 12.33 | 89.69 | 76.80 |
| Vendors' Network | 6.27 | | | | 6.27 | 2.50 | | 1.25 | | 3.75 | 2.52 | 3.77 |
| Jobworkers' Network | 1.73 | | | | 1.73 | 0.70 | | 0.35 | | 1.05 | 0.68 | 1.03 |
| Total | 175.85 | (48.70) | 43.29 | 0.96 | 169.48 | 30.25 | - | 11.82 | 0.95 | 41.12 | 128.36 | 145.60 |
| Previous Year | 167.73 | - | 8.34 | 0.22 | 175.85 | 21.83 | - | 8.42 | - | 30.25 | 145.60 | 145.90 |

a Deduction of Patent and Technical Knowhow includes subsidy of ₹ Nil (Previous year ₹ 0.22 Crores) received.

13 Non Current Investments

₹ in Crores

Particulars

Investment Property (at cost less accumulated depreciation)

Cost of Office Building given on Operating Lease

Less: Accumulated Depreciation

| | |
|---------------------------------|-------------------------|
| As at March 31, 2012 | As at March 31, 2011 |
| 13.70 | 21.18 |
| 3.13 | 4.24 |
| 10.57 | 16.94 |

Trade Investments (At Cost)

Investments in Government Trust Securities

Investments in Fully Paid Equity Shares (Unquoted)

In Subsidiaries

Others

In Partnership Firm*

| | |
|-------------|-------|
| 0.02 | 0.02 |
| 1.85 | 1.53 |
| 1.69 | 25.87 |
| 1.65 | 1.59 |
| 5.21 | 29.01 |

Other Investments (Quoted)

In Equity Shares

In Mutual Funds

| | |
|--------------|-------|
| 10.47 | 10.22 |
| 2.27 | - |
| 12.74 | 10.22 |

Share Application Money

| | |
|--------------|-------|
| 13.18 | 4.80 |
| 41.70 | 60.97 |

Total

*The financial statements of partnership firm are under compilation and therefore the balance of capital account disclosed above is subject to change.

a Disclosure as per AS 13 - Accounting for Investments

₹ in Crores

Long Term Investments

Current Investments

| | |
|---------------------------------|-------------------------|
| As at March 31, 2012 | As at March 31, 2011 |
| 17.97 | 39.25 |
| - | - |
| 17.97 | 39.25 |

Total

Notes to Consolidated Financial Statement:

₹ in Crores

| 14 Loans and Advances | Long Term | | Short Term | |
|---|----------------|----------------|----------------|----------------|
| | As At | | As At | |
| (Unsecured, Considered good unless otherwise stated) | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 |
| Capital Advances | 83.82 | 69.32 | - | - |
| Security Deposits | 93.51 | 83.17 | 1.20 | 0.64 |
| Advance tax paid (Net of Provision) | - | - | - | 8.09 |
| Loans and Advances: | | | | |
| To Related Parties | - | - | - | 1.70 |
| To Employees | 5.18 | 5.14 | 1.99 | 1.88 |
| To Others | - | 0.35 | 23.02 | 35.54 |
| MAT Credit Entitlement | 92.55 | 60.48 | - | - |
| Advances recoverable in cash or in kind or for value to be received | 4.75 | 4.37 | 137.07 | 95.70 |
| Prepaid Expenses | 0.10 | 0.11 | 13.66 | 8.54 |
| Balances with Government Authorities | - | 0.45 | 2.11 | 1.25 |
| CENVAT/Custom Duty Receivable | - | - | 18.11 | 19.63 |
| Total | 279.91 | 223.39 | 197.16 | 172.97 |

₹ in Crores

| 15 Other Assets | Non Current | | Current | |
|---|----------------|----------------|----------------|----------------|
| | As At | | As At | |
| | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 |
| Non Current Bank Balances (Note 18) | 2.33 | 0.29 | - | - |
| Foreign Currency Monetary Item Translation Difference | 3.66 | - | 0.53 | (0.75) |
| Preliminary Expenses | 0.03 | - | 0.01 | 0.06 |
| Land held for Sale | - | - | 102.21 | 34.50 |
| Interest Accrued | - | - | 1.01 | 0.73 |
| Gain Receivable on Derivative Contracts | - | 9.12 | - | 22.77 |
| Security Deposits | - | 0.60 | - | 0.11 |
| Unbilled Revenue | - | - | 7.12 | 2.14 |
| Income Receivable | - | - | 15.66 | 27.48 |
| Receivable other than trade | - | - | 80.00 | 7.47 |
| Export Incentive Receivable | - | - | 53.89 | 45.10 |
| Total | 6.02 | 10.01 | 260.43 | 139.61 |

| 16 Inventories | As at | | 17 Trade Receivables | As at | |
|-------------------------------|-----------------|-----------------|--|----------------|----------------|
| | March 31, 2012 | March 31, 2011 | | March 31, 2012 | March 31, 2011 |
| Raw Materials and Accessories | 265.42 | 373.03 | (Unsecured, considered good unless otherwise stated) | | |
| In Transit | 0.82 | 10.87 | Outstanding for a period exceeding six months from the date they are due for payment | | |
| Fuel | 2.56 | 3.32 | Secured | 5.16 | 3.51 |
| Stores and Spares | 43.08 | 44.55 | Considered Good | 44.55 | 39.14 |
| In Transit | 0.02 | - | Considered doubtful | 1.19 | 3.75 |
| Work-in-Progress | 330.20 | 346.04 | Less: Provision for Doubtful Debts | 1.19 | 3.75 |
| Finished Goods | 151.78 | 179.96 | | 49.71 | 42.65 |
| In Transit | 0.31 | - | Others | | |
| Stock in Trade | 248.83 | 220.08 | Secured | - | 0.11 |
| In Transit | 5.55 | 6.01 | Unsecured | 592.49 | 458.99 |
| Waste | 1.96 | 2.45 | Total | 642.20 | 501.75 |
| Packing Material | 1.85 | 1.58 | | | |
| In Transit | 0.01 | - | | | |
| Material at Site | 3.84 | 3.46 | | | |
| Project work-in-progress | 67.76 | 44.99 | | | |
| Unsold plots of land | 2.13 | - | | | |
| Total | 1,126.12 | 1,236.34 | | | |

Notes to Consolidated Financial Statement:

₹ in Crores

| 18 Cash and Bank Balances | Non Current As At | | Current As At | |
|---|-------------------|----------------|----------------|----------------|
| | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 |
| Cash and Cash Equivalents: | | | | |
| Cash on Hand | - | - | 1.75 | 1.25 |
| Cheques on Hand | - | - | (₹ 15,000/-) | 0.02 |
| Balances with Banks | | | | |
| In Current Accounts | - | - | 30.01 | 14.65 |
| In Unpaid Dividend Accounts | - | - | 0.34 | 0.33 |
| In Exchange Earners Foreign Currency A/c | - | - | 0.19 | 0.15 |
| In Cash Credit Account | - | - | 8.56 | 8.18 |
| In Saving Accounts | - | - | (₹ 45,808/-) | (₹ 45,808/-) |
| In Deposit Account (with original maturity upto 3 months) | - | - | - | 9.12 |
| | - | - | 40.85 | 33.70 |
| Other Bank Balances: | | | | |
| In Deposits Accounts | | | | |
| With original maturity more than 3 months but less than 12 months | - | - | 12.80 | 12.61 |
| With original maturity more than 12 months | 1.65 | - | 4.72 | - |
| Held as Margin Money (Under lien with bank as Security for Guarantee Facility) | 0.68 | 0.29 | 12.48 | 12.20 |
| Lodged with Court for ESI Case | - | - | - | 0.01 |
| Lodged with Sales Tax Department | - | - | (₹ 20,000/-) | (₹ 20,000/-) |
| | 2.33 | 0.29 | 30.00 | 24.82 |
| Amount disclosed under the head "Other Non Current Assets" (Note 15) | 2.33 | 0.29 | - | - |
| Total | - | - | 70.85 | 58.52 |

19 Contingent Liabilities

(to the extent not provided for)

₹ in Crores

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|---|-------------------------|-------------------------|
| Bills Discounted | 111.40 | 129.53 |
| Claims against the Company not acknowledged as debts | 31.24 | 30.99 |
| Guarantees given by the Banks on behalf of the Company | 91.37 | 61.73 |
| Guarantees given by the Company to Banks on behalf of Joint Ventures | 16.91 | 118.65 |
| Guarantees given by the Company to Banks on behalf of Other Companies | 124.41 | 117.19 |
| Disputed Demands in respect of | | |
| Excise/Custom Duty | 31.25 | 30.76 |
| Sales Tax | 22.00 | 19.35 |
| Income Tax | 18.13 | 4.02 |
| Service Tax | 1.63 | 1.77 |
| Textile Committee Cess | 0.11 | 0.11 |

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.

20 Capital and Other Commitments

₹ in Crores

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|--|-------------------------|-------------------------|
| Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 67.98 | 149.45 |
| Other Commitments | - | - |

Notes to Consolidated Financial Statement:

| | ₹ in Crores | | ₹ in Crores | |
|---|---------------------------------|---------------------------------|---|---------------------------------|
| | Year ended March 31, 2012 | Year ended March 31, 2011 | Year ended March 31, 2012 | Year ended March 31, 2011 |
| 21 Revenue from Operations | | | | |
| Sale of Products | | | | |
| Finished Goods and Stock in Trade | 4,755.08 | 3,860.09 | | |
| Less: Excise Duty/VAT | 70.79 | 41.99 | | |
| | 4,684.29 | 3,818.10 | | |
| Sale of Services | 35.59 | 71.07 | | |
| Other Operating Revenues | | | | |
| Export Incentives | 109.78 | 90.45 | | |
| Waste Sales | 55.68 | 36.60 | | |
| Commission Income | 6.85 | 7.73 | | |
| Gain/(Loss) on Forward Contracts | (1.26) | 27.47 | | |
| Other Operating Income | 34.19 | 33.20 | | |
| Total | 4,925.12 | 4,084.62 | | |
| 22 Other Income | | | | |
| Interest Income | 7.35 | 6.37 | | |
| Dividend Income on Long Term Investments | 0.26 | 0.25 | | |
| Rent | 0.58 | 0.84 | | |
| Sundry Credit Balances Appropriated | 2.83 | - | | |
| Profit on Sale of Fixed Assets (Net) | 13.52 | 30.41 | | |
| Profit on Sale of Land held for Sale | 67.40 | - | | |
| Provision no longer required | 3.20 | 1.71 | | |
| Other non-operating income | 21.54 | 9.95 | | |
| Exchange Difference (Net) | - | 5.17 | | |
| Prior Period Item | 1.82 | - | | |
| Total | 118.50 | 54.70 | | |
| 23 Cost of Materials and Accessories Consumed | | | | |
| Stock at the beginning of the year | 373.03 | 148.54 | | |
| Purchases | 1,514.58 | 1,819.71 | | |
| | 1,887.61 | 1,968.25 | | |
| Less: Stock at the end of the year | 265.42 | 373.03 | | |
| Total | 1,622.19 | 1,595.22 | | |
| 24 Changes in Inventories of Finished Goods, Work-in-progress and Stock in Trade | | | | |
| (Increase)/Decrease in stocks | | | | |
| Stock at the end of the year | | | | |
| Finished Goods | 151.78 | 179.96 | | |
| Stock-in-trade | 248.83 | 220.08 | | |
| Work-in-Progress | 330.20 | 346.04 | | |
| Project Work-in-Progress | 67.76 | 44.99 | | |
| Unsold Plot of Lands | 2.13 | - | | |
| Waste | 1.96 | 2.45 | | |
| Total | 802.66 | 793.52 | | |
| | | | | |
| | | | Stock at the beginning of the year | |
| | | | Finished Goods | 179.96 |
| | | | Stock-in-trade | 220.08 |
| | | | Work-in-Progress | 346.04 |
| | | | Project Work-in-Progress | 44.99 |
| | | | Waste | 2.45 |
| | | | Total | 793.52 |
| | | | | |
| | | | Less: Adjusted on account of Amalgamation (Note 30) | (45.32) |
| | | | | 596.33 |
| | | | | |
| | | | Less: Adjusted against Securities Premium | - |
| | | | | 20.25 |
| | | | Less: Written off during the year | - |
| | | | | 0.04 |
| | | | Total | 748.20 |
| | | | | 576.04 |
| | | | Adjustment on Consolidation | (0.09) |
| | | | Excise Duty in Value of Stock - Increase / (Decrease) | 0.14 |
| | | | (Increase)/Decrease in stocks | (54.41) |
| | | | 25 Employee Benefits Expense | |
| | | | Salaries and Wages | 394.30 |
| | | | Contribution to Provident Fund and Other Funds | 39.47 |
| | | | Staff Welfare Expenses | 12.16 |
| | | | Total | 445.93 |
| | | | | 390.33 |
| | | | Directors' Remuneration | 3.03 |
| | | | Directors' Commission | 2.44 |
| | | | Total | 451.40 |
| | | | | 395.27 |
| | | | 26 Finance Costs | |
| | | | Interest | |
| | | | On Term Loans | 102.42 |
| | | | On working capital loans | 91.69 |
| | | | Others | 50.16 |
| | | | Interest on shortfall of advance tax | 0.44 |
| | | | Exchange Difference to the extent considered as | |
| | | | an adjustment to Borrowing Costs | 33.92 |
| | | | Other Borrowing Costs | 2.02 |
| | | | Bank Charges | 28.45 |
| | | | Total | 309.10 |
| | | | | 236.00 |
| | | | 27 Depreciation / Amortization Expense | |
| | | | Depreciation of Tangible Assets | 149.22 |
| | | | Depreciation of Investment Property | 0.35 |
| | | | Amortization of Intangible Assets | 11.82 |
| | | | Total | 161.39 |
| | | | | 172.49 |

Notes to Consolidated Financial Statement:

| | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------------|---------------------------------|
| 28 Other Expenses | | |
| Power and fuel | 366.25 | 306.45 |
| Stores Consumed | 251.31 | 242.09 |
| Jobwork and Processing Charges | 70.63 | 79.68 |
| Insurance | 4.61 | 5.10 |
| Printing, Stationery & Communication | 12.83 | 9.33 |
| Rent | 129.95 | 83.50 |
| Commission, Brokerage and Discounts | 90.01 | 84.33 |
| Rates and taxes | 14.76 | 11.15 |
| Repairs: | | |
| To Buildings | 2.66 | 2.24 |
| To Machineries | 92.97 | 96.12 |
| To others | 20.07 | 13.49 |
| Freight, Insurance and Clearing Charges | 36.68 | 33.65 |
| Excise Duty borne by Company | 50.91 | 1.43 |
| Legal and Professional Fees | 19.17 | 9.49 |
| Conveyance and Travelling Expenses | 24.01 | 20.65 |
| Advertisement and Publicity | 73.70 | 55.38 |
| Directors' sitting fees | 0.05 | 0.01 |
| Miscellaneous Labour Charges | 59.37 | 56.21 |
| Provision for Doubtful Debts | 0.91 | 0.51 |
| Bad Debts written off | 1.76 | 0.13 |
| Sundry Debits written off | 1.38 | 6.83 |
| Fixed Assets Written off | 2.02 | 0.52 |
| Payments to the auditor as | | |
| (a) Auditor | 1.07 | 1.00 |
| (b) For tax audit matters | 0.14 | 0.11 |
| (c) For taxation matters | 0.10 | 0.10 |
| (d) For Company law matters | 0.24 | 0.15 |
| (e) For Other Certification work | 0.42 | 0.65 |
| (f) For reimbursement of expenses | 0.06 | 0.06 |
| Exchange Difference (Net) | 18.91 | - |
| Loss on Sale of Investments | 1.54 | 0.08 |
| Loans to Subsidiaries Written Off | 7.91 | - |
| Less: Adjusted against Provision for doubtful Loans | (7.91) | - |
| Goodwill on Amalgamation Written Off (Note 30) | 45.49 | - |
| Charge on account of alignment of accounting policies of Amalgamated Company with the Company (Note 30) | 10.82 | - |
| | 56.31 | - |
| Less: Amount Transferred from Opening balance of Surplus in Statement of Profit and Loss (Note 30) | (56.31) | - |
| Miscellaneous Expenses | 128.28 | 103.83 |
| Total | 1,476.77 | 1,224.27 |
| 29 Extraordinary Item | | |
| Profit on Sale of Investment in Joint Venture | 245.04 | - |
| Total | 245.04 | - |

30 Scheme of Arrangement

- i A Composite Scheme of Arrangement (“the Scheme”) between Arvind Limited (“the Company”) and Arvind Products Limited (“APL”) and Asman Investments Limited (“AIL”), the subsidiaries of the Company, under Sections 391 to 394 of the Companies Act, 1956 for amalgamation of APL with the Company and demerger and transfer of Investment Division of AIL into the Company has been sanctioned by the High Court of Gujarat at Ahmedabad on 29th December 2011. The Scheme has become effective from the appointed date 1st January 2011.
- ii Pursuant to the Scheme, the Investment division of AIL stood demerged from AIL and transferred to and vested in the Company as a going concern with effect from the appointed date 1st January 2011:
 - a. Upon the Scheme becoming effective and from the appointed date, the Investment Division of AIL (Demerged Undertaking) including all debts and liabilities have been transferred to the Company and have been accounted for at their respective fair values.
 - b. Upon the scheme becoming effective, the interse amounts of loans, advances and other current account balances of the demerged investment division in the Company have been treated as cancelled.
 - c. As consideration for the demerger, the Company has adjusted the amount of fair value of the division against the outstanding balance of loan to AIL.
- iii Pursuant to the Scheme, APL has been amalgamated with the Company with effect from 1st January 2011, (the appointed date):
 - a. The amalgamation has been accounted for under the “purchase method”. Accordingly, as on appointed date, all the assets of APL 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.
 - b. Upon the scheme becoming effective, the interse amounts of loans, advances, other current account balances of APL with the Company and investment in APL have been treated as cancelled.
 - c. As consideration for the amalgamation, the Company has subsequent to the date of the balance sheet issued and allotted 34,10,528 Equity Shares of ₹ 10/- each fully paid up in the ratio of 1 (One) Equity Share of ₹ 10/- each for every 11 (Eleven) Equity Shares of ₹ 10/- each of APL in the Capital of the Company, to the members of APL other than the Company whose names appeared in the Register of Members on the record date which are shown under ‘Equity Share Suspense Account’ as on Balance Sheet date.
 - d. The difference between the value of assets and liabilities taken over amounting to ₹ 45.49 Crores has been debited to “Goodwill on Amalgamation” and the same has been adjusted against the opening balance of Statement of Profit and Loss of the Company along with the additional charge of ₹ 10.82 Crores on account of alignment of accounting policies of APL with the Company.

Notes to Consolidated Financial Statement:

31 Earning Per Share (EPS) :

₹ in Crores, unless otherwise stated

| Particulars | | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|------|------------------------------|------------------------------|
| Profit after Tax before Extra Ordinary Item | | 244.69 | 164.87 |
| Add : Extra Ordinary Item (Net of Tax of ₹ 53.86 Crores) | | 191.18 | - |
| Profit after Extra Ordinary Item available to equity shareholders | | 435.87 | 164.87 |
| Weighted average no. of Equity Shares | | | |
| For Basic EPS | Nos. | 257,983,329 | 239,200,568 |
| For Diluted EPS | Nos. | 257,983,329 | 239,353,175 |
| Nominal value of Equity Shares | ₹ | 10.00 | 10.00 |
| Basic Earning Per Share | | | |
| Before Extra Ordinary Item | ₹ | 9.48 | 6.89 |
| After Extra Ordinary Item | ₹ | 16.90 | 6.89 |
| Diluted Earning Per Share | | | |
| Before Extra Ordinary Item | ₹ | 9.48 | 6.89 |
| After Extra Ordinary Item | ₹ | 16.90 | 6.89 |
| (A) Weighted average number of Equity Shares | | | |
| No. of Shares for Basic EPS | | 257,983,329 | 239,200,568 |
| No. of Shares for Diluted EPS after considering dilute effect of outstanding stock | | 257,983,329 | 239,353,175 |

32 Employee Share Based Payment:

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

| Scheme | ESOS 2008 Tranche - I | ESOS 2008 Tranche - II |
|---------------------------|--|--|
| Date of Grant | October 25, 2008 | April 21, 2011 |
| Number of options granted | 2,750,000 | 200,000 |
| Exercise Price per option | ₹ 14.65 | ₹ 73.70 |
| Date of vesting | The vesting will be as under : 25% on April 30, 2010 25% on April 30, 2011 25% on April 30, 2012 25% on April 30, 2013 | The vesting will be as under : 33.33% on April 30, 2012 33.33% on April 30, 2013 33.33% on April 30, 2014 |
| Exercise Period | Within 3 years from the date of respective vesting. | Within 3 years from the date of respective vesting. |
| Method of settlement | Through allotment of one Equity Share for each option granted. | Through allotment of one Equity Share for each option granted. |

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

iii Further details of the stock option plans ESOS 2008 is as follows :

| Particulars | ESOS 2008 | | |
|---|-----------|-----------|------------|
| | Tranche-I | | Tranche-II |
| | 2011-12 | 2010-11 | 2011-12 |
| Options | | | |
| Outstanding at the beginning of year | 232,500 | 2,605,000 | - |
| Granted During the year | - | - | 200,000 |
| Lapsed during the year | - | - | - |
| Exercised during the year | 232,500 | 2,372,500 | - |
| Vested but not exercised at the end of year | - | - | - |
| Not vested at the end of year | - | 232,500 | 200,000 |
| Weighted Average Exercise Price per Option | ₹ 14.65 | ₹ 14.65 | ₹ 73.70 |

Notes to Consolidated Financial Statement:

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

| Particulars | ESOS 2008 | | | | | | |
|--------------------------------------|----------------------|--------|--------|--------|----------------------|--------|--------|
| | Tranche-I | | | | Tranche-II | | |
| | Vesting on April 30, | | | | Vesting on April 30, | | |
| | 2010 | 2011 | 2012 | 2013 | 2012 | 2013 | 2014 |
| Estimated Value of Stock Options (₹) | 6.64 | 7.26 | 8.05 | 8.66 | 32.45 | 39.47 | 42.63 |
| Share Price at Grant Date (₹) | 14.65 | 14.65 | 14.65 | 14.65 | 73.70 | 73.70 | 73.70 |
| Exercise Price (₹) | 14.65 | 14.65 | 14.65 | 14.65 | 73.70 | 73.70 | 73.70 |
| Expected Volatility (%) | 58.74% | 54.53% | 54.46% | 53.71% | 62.46% | 65.93% | 62.19% |
| Dividend Yield Rate (%) | 0.28% | 0.28% | 0.28% | 0.28% | 0.00% | 0.00% | 0.00% |
| Expected Life of Options(in years) | 3.01 | 4.01 | 5.02 | 6.02 | 2.53 | 3.53 | 4.53 |
| Risk Free Rate of Interest (%) | 7.57% | 7.61% | 7.65% | 7.70% | 7.57% | 7.61% | 7.65% |

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

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|------------------------------|------------------------------|
| Profit before Extra Ordinary Item available to equity shareholders | 244.69 | 164.87 |
| Less: Amortization of Compensation Cost (pro forma) | 0.43 | 0.75 |
| Profit before Extra Ordinary Item available to equity shareholders | 244.26 | 164.12 |
| Add: Extra Ordinary Item | 191.18 | - |
| Profit after Extra Ordinary Item and amortization of Compensation Cost (pro forma) | 435.44 | 164.12 |
| Earning Per Share - Basic and Diluted | | |
| Profit before Extra Ordinary Item | | |
| - as reported | 9.48 | 6.89 |
| - pro forma | 9.47 | 6.86 |
| Profit after Extra Ordinary Item | | |
| - as reported | 16.90 | 6.89 |
| - pro forma | 16.88 | 6.86 |

Notes to Consolidated Financial Statement:

33 SEGMENT REPORTING

(A) Primary Segment (Business Segment)

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|---------------------------------|---------------------------------|
| Segment Revenue | | |
| a) Textiles | 3431.60 | 3028.05 |
| b) Branded Garments | 1313.44 | 941.81 |
| c) Others | 224.11 | 190.28 |
| d) Unallocable | - | 0.02 |
| Total Sales | 4969.15 | 4160.16 |
| Less :Inter Segment Revenue | 44.03 | 75.54 |
| Net Sales | 4925.12 | 4084.62 |
| Segment Results | | |
| Segment Results before Interest & Finance Cost | | |
| a) Textiles | 519.51 | 353.66 |
| b) Branded Garments | 50.14 | 51.42 |
| c) Others | 18.44 | 13.50 |
| d) Unallocable | (28.74) | (6.72) |
| Total Segment Results | 559.35 | 411.86 |
| Less : Interest & Finance Cost | 309.10 | 236.00 |
| Profit from Ordinary Activities | 250.25 | 175.86 |
| Extra Ordinary Items (Net) | 245.04 | - |
| Profit before Tax | 495.29 | 175.86 |
| Other Information | | |
| Segment Assets | | |
| a) Textiles | 3278.46 | 3066.49 |
| b) Branded Garments | 927.94 | 833.63 |
| c) Others | 310.72 | 203.70 |
| d) Unallocable | 892.23 | 900.12 |
| Total Assets | 5409.35 | 5003.94 |
| Segment Liabilities | | |
| a) Textiles | 688.72 | 631.05 |
| b) Branded Garments | 357.74 | 318.86 |
| c) Others | 76.56 | 71.11 |
| d) Unallocable | 117.13 | 61.79 |
| Total Liabilities | 1240.15 | 1082.81 |
| Segment Depreciation/ Impairment | | |
| a) Textiles | 120.35 | 140.79 |
| b) Branded Garments | 31.66 | 23.42 |
| c) Others | 3.24 | 2.86 |
| d) Unallocable | 6.14 | 5.42 |
| Total Depreciation/Impairment | 161.39 | 172.49 |

(A) Primary Segment (Business Segment) (Contd.)

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|--|---------------------------------|---------------------------------|
| Capital Expenditure | | |
| a) Textiles | 347.64 | 150.89 |
| b) Branded Garments | 74.63 | 46.72 |
| c) Others | 6.51 | 9.28 |
| d) Unallocable | 13.40 | 43.87 |
| Total Capital Expenditure | 442.18 | 250.76 |
| Non cash expenses other than Depreciation | | |
| a) Textiles | 3.37 | 1.91 |
| b) Branded Garments | 1.87 | 5.55 |
| c) Others | 0.69 | 0.47 |
| d) Unallocable | 0.14 | 0.04 |
| Total Non cash expenses other than Depreciation | 6.07 | 7.97 |
| (B) Secondary Segment (Geographical by Customers) | | |
| Segment Revenue | | |
| a) In India | 3404.46 | 2811.11 |
| b) Outside India | 1520.66 | 1273.51 |
| Total Sales | 4925.12 | 4084.62 |
| Carrying Cost of Assets by location of Assets | | |
| a) In India | 5263.48 | 4890.37 |
| b) Outside India | 145.87 | 113.57 |
| Total | 5409.35 | 5003.94 |
| Addition to Assets | | |
| a) In India | 442.18 | 250.75 |
| b) Outside India | - | 0.01 |
| Total | 442.18 | 250.76 |

Notes:

- The Company has disclosed business segments as the primary segment. Segments have been identified taking into account the nature of the products, differential risks and returns, the Organizational structure and internal reporting system. The Company's operations predominantly relate to manufacturing of textiles.
- Types of Products and Services in each business segment :
 - Textiles** : Fabric, Yarn and Garments
 - Others** : EPABX Systems (Electronics), Construction and Project Activity
- Intersegment Revenues are recognised at sales price.

Notes to Consolidated Financial Statement:

34 Related Party Disclosures :

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

List of Related Parties & Relationship :

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

* Excluded for consolidation.

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

Related Party Transactions :

₹ in Crores

| Nature of Transactions | Referred in 1(A) Above | | Referred in 1(B) Above | | Referred in 1(C) Above | |
|--|------------------------|-------------------|------------------------|-------------------|------------------------|-------------------|
| | Year ended | | Year ended | | Year ended | |
| | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 | March 31, 2012 | March 31, 2011 |
| Sales | | | | | | |
| Goods and Materials | | | | | 9.65 | 0.56 |
| Expenses | | | | | | |
| Remuneration & Other Services | | | 5.40 | 4.80 | | |
| Income | | | | | | |
| Rendering of Services | | | | | - | 0.13 |
| Finance | | | | | | |
| Loan Received/(Repaid) (Net) | | | | | 17.06 | |
| Interest Expense | | | | | 1.49 | 3.92 |
| Loans written off | 7.91 | - | | | | |
| Investments (Net) | 1.10 | - | | | | |
| Outstanding : | | | | | | |
| Receivable in respect of Current Assets & Capital Advances | 0.01 | 0.01 | | | 3.65 | 0.32 |
| Payable in respect of loans | - | 7.91 | | | 25.69 | 11.07 |

₹ in Crores

| Name of Subsidiary | Loans & Advances in the nature of Loans | |
|--|---|---------------------|
| | Closing Balance | Maximum Outstanding |
| Arvind Textile Mills Limited, Bangladesh | 0.01 | 0.01 |
| Total | 0.01 | 0.01 |

Note : No repayment schedule has been fixed in case of above mentioned Loans & Advances in the nature of loans given to Subsidiary Company and it is interest free and repayable on demand.

Notes to Consolidated Financial Statement:

35 Lease Rent

- (A) Land is taken on lease period of 30 years with no option of renewal, no sub lease of the land and having an escalation clause for increase in lease rental by 5% after block of every 2 years.

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

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 4.22 | - |
| Not later than one year | 0.10 | - |
| Later than one year and not later than five years | 0.43 | - |
| Later than five years | 3.69 | - |
| Lease Payment recognised in Statement of Profit and Loss | 0.11 | - |

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

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

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 72.51 | 100.88 |
| Not later than one year | 7.18 | 6.53 |
| Later than one year & not later than five years | 23.54 | 51.32 |
| Later than five years | 41.79 | 43.03 |
| Lease Payment recognised in Statement of Profit and Loss | 7.50 | 6.66 |

- (C) Plant & Machineries are taken on operating lease for a period of 5 to 8 years with the option of renewal

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

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 183.90 | 124.01 |
| Not later than one year | 35.40 | 21.97 |
| Later than one year & not later than five years | 111.39 | 71.80 |
| Later than five years | 37.12 | 30.24 |
| Lease Payment recognised in Statement of Profit and Loss | 37.55 | 16.83 |

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

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

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 578.47 | 344.17 |
| Not later than one year | 87.03 | 59.53 |
| Later than one year & not later than five years | 280.84 | 167.43 |
| Later than five years | 210.60 | 117.21 |
| Lease Payment recognised in Statement of Profit and Loss | 78.28 | 57.01 |

- (E) Plant and Machineries - Data Processing Equipments have been acquired under Finance Lease for a period of 33 months with the option of renewal.

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

| Particulars as on 31.03.2012 | Minimum lease payments | Present Value of Minimum lease Payments | Interest and Other Charges not due |
|---|------------------------|---|------------------------------------|
| Future Minimum lease payments obligation: | - | - | - |
| Not later than one year | - | - | - |
| Later than one year and not later than five years | - | - | - |
| Later than five years | - | - | - |

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

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

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

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments under non-cancellable operating leases: | - | 0.03 |
| Not later than one year | - | 0.03 |
| Later than one year & not later than five years | - | - |
| Later than five years | - | - |
| Lease income recognised in Statement of Profit and Loss | 0.11 | 0.19 |

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

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

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Future Minimum lease payments under non-cancellable operating leases: | 0.29 | 0.61 |
| Not later than one year | 0.12 | 0.61 |
| Later than one year & not later than five years | 0.18 | - |
| Later than five years | - | - |
| Lease income recognised in Statement of Profit and Loss | 0.43 | 0.63 |

Notes to Consolidated Financial Statement:

36 Impairment of Fixed Assets

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

37 Early adoption of AS 30, Financial Instruments :Recognition and Measurement

- (a) Consequent to the Announcement of the Institute of Chartered Accountants of India (ICAI), the Company had chosen to early adopt 'Accounting Standard - 30, Financial Instruments: Recognition and Measurement' in its entirety, read with the clarification issued on application of AS -30. Accordingly, the Company has changed the designation and measurement of all its significant financial assets and liabilities. All the financial assets and financial liabilities and derivatives have been remeasured at their respective fair values or at amortized cost as against cost except for those items whose accounting treatment is covered by the existing standards notified by Companies (Accounting Standards) Rules, 2006.
- (b) As a result, as on Balance Sheet date, Long Term Borrowings are higher by ₹ 1 Crore, (Previous year ₹ 3.96 Crores) and Hedge Reserve account is debited by ₹ 98.25 Crores (Previous year

credited by ₹ 31.89 Crores) on account of fair valuation of outstanding derivatives.

38 Foreign Exchange Differences

As per the notification issued by the Ministry of Corporate Affairs dated 31st March, 2009 as amended from time to time, the Company had already exercised the option for accounting of exchange rate differences with effect from April 1, 2007. Consequent to the adoption of that option:

- (a) Exchange rate differences of long-term foreign currency loans which are related to acquisition of depreciable fixed assets have been added to or deducted from the cost of the assets and depreciated over the balance life of the assets and;
- (b) Exchange rate differences on other long-term foreign currency loans have been transferred to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized over the balance period of loans or up to 31st March, 2020 whichever is earlier.

As a result:

- (a) An amount of ₹ 0.30 Crores being the exchange rate difference for the year (Previous year ₹ Nil) has been adjusted against the fixed assets.
- (b) An amount of ₹ 4.19 Crores being the exchange rate loss for the year (Previous year gain of ₹ 0.75 Crores) remains to be amortized as at the balance sheet date.

39 Category-wise Quantitative data about derivative instruments outstanding:

| | Currency | As at 31st March, 2012 | | | As at 31st March, 2011 | | |
|------------------|----------|------------------------|---------------|-------------|------------------------|---------------|-------------|
| | | In Mn | Avg. Ex. Rate | ₹ in Crores | In Mn | Avg. Ex. Rate | ₹ in Crores |
| Forward Sales | USD | 206.87 | 49.105 | 1,015.84 | 264.76 | 47.560 | 1,259.19 |
| | EUR | 1.25 | 70.303 | 8.78 | 3.58 | 64.006 | 22.91 |
| | GBP | - | - | - | 0.63 | 74.531 | 4.70 |
| Forward Purchase | USD | 34.03 | 51.185 | 174.21 | - | - | - |
| Option Deals | USD | 66.00 | 50.614 | 334.05 | 106.80 | 48.551 | 518.52 |

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

40 Disclosure in respect of Construction/Job work Contracts

₹ in Crores

| Particulars | Year ended March 31, 2012 | Year ended March 31, 2011 |
|---|---------------------------|---------------------------|
| Amount of Contract Revenue recognized | 41.33 | 21.69 |
| Disclosure in respect of contracts in progress at the reporting date | | |
| Contract cost incurred and recognised profits less recognised losses up to the reporting date | 41.33 | 21.69 |
| Advance received from customers | 19.50 | 5.99 |
| Due from customers | 5.90 | 2.90 |
| Due to customers | 0.08 | - |

41 Capital Reserve on Consolidation

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

42 Figures less than ₹ 50,000/- which are required to be shown separately, have been shown as actual in brackets.

43 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

As per our report of even date attached

For **Sorab S. Engineer & Co.**

Firm Registration No. 110417W

Chartered Accountants

CA. N. D. Anklesaria

Partner
Membership No.10250

Ahmedabad
May 9, 2012

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Directors' Report

Dear Shareholder

The Board of Directors is pleased to present the financial statements of **The Arvind Overseas (Mauritius) Limited** for the year ended March 31, 2012, the contents of which are listed below:

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

This report was approved by the Board of Directors on 9th May, 2012

SANJAY S.LALBHAI

Director

SAMVEG A.LALBHAI

Director

Report of the Auditors to the members

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

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

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

In our opinion, the financial statements, which has been prepared under the **break up basis**, gives a true and fair view of the state of affairs of the company as at March 31, 2012 and of its loss for the year then ended.

BDO & Co

Chartered Accountants

Port Louis,
Mauritius.

Date : May 9, 2012

Statement of Financial Position - March 31, 2012

| | Notes | 2012 | | 2011 | |
|-----------------------------------|-------|------------------|--------------|------------------|--------------|
| | | Mau. Rs. | ₹ in Lacs* | Mau. Rs. | ₹ in Lacs** |
| ASSETS | | | | | |
| Current asset | | | | | |
| Cash and cash equivalents | | 1,705,814 | 30.29 | 1,709,953 | 26.51 |
| Total asset | | 1,705,814 | 30.29 | 1,709,953 | 26.51 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and deficit | | | | | |
| Share capital | 3 | 238,517,100 | 4,234.87 | 238,517,100 | 3,698.45 |
| Revenue deficit | | (237,479,286) | (4,216.44) | (236,807,147) | (3,671.93) |
| Equityholders' interest | | 1,037,814 | 18.43 | 1,709,953 | 26.51 |
| Current liability | | | | | |
| Payables | | 668,000 | 11.86 | - | - |
| Total equity and liability | | 1,705,814 | 30.29 | 1,709,953 | 26.51 |

These financial statements have been approved for issue by the Board of Directors on: May 9, 2012

SANJAY S.LALBHAI

SAMVEG A.LALBHAI

Director

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

Auditors' report on page 78.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Mau Rs.= 1.7755)

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

Statement of Comprehensive Income - year ended march 31, 2012

| | Notes | 2012 | | 2011 | |
|-------------------------|-------|-----------|------------|----------|-------------|
| | | Mau. Rs. | ₹ in Lacs* | Mau. Rs. | ₹ in Lacs** |
| Administrative expenses | | (677,196) | (12.02) | (1,981) | (0.03) |
| Finance income/(costs) | 4 | 5,057 | 0.09 | (17,374) | (0.27) |
| Loss for the year | | (672,139) | (11.93) | (19,355) | (0.30) |

These financial statements have been approved for issue by the Board of Directors on: May 9, 2012

SANJAY S.LALBHAI

Director

SAMVEG A.LALBHAI

Director

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

Auditors' report on page 78.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Mau Rs.= 1.7755)

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

Statement of Changes in Equity - Year ended march 31, 2012

| | Share Capital | | Revenue Deficit | | Total | |
|----------------------------------|--------------------|-----------------|----------------------|-------------------|------------------|--------------|
| | Mau. Rs. | ₹ in Lacs* | Mau. Rs. | ₹ in Lacs* | Mau. Rs. | ₹ in Lacs* |
| Balance at April 1, 2011 | 238,517,100 | 4,234.87 | (236,807,147) | (4,204.51) | 1,709,953 | 30.36 |
| Loss for the year | - | - | (672,139) | (11.93) | (672,139) | (11.93) |
| Balance at March 31, 2012 | 238,517,100 | 4,234.87 | (237,479,286) | (4,216.44) | 1,037,814 | 18.43 |
| Balance at April 1, 2010 | 238,517,100 | 3,698.45 | (236,787,792) | (3,671.63) | 1,729,308 | 26.82 |
| Loss for the year | - | - | (19,355) | (0.30) | (19,355) | (0.30) |
| Balance at March 31, 2011 | 238,517,100 | 3,698.45 | (236,807,147) | (3,671.93) | 1,709,953 | 26.52 |

Auditors' report on page 78.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Mau Rs. = 1.7755)

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

Statement of Cash Flows - year ended march 31, 2012

| | 2012 | | 2011 | |
|---|------------------|---------------|------------------|---------------|
| | Mau. Rs. | ₹ in Lacs* | Mau. Rs. | ₹ in Lacs** |
| Cash flows from operating activities | | | | |
| Loss for the year | (672,139) | (11.93) | (19,355) | (0.30) |
| Changes in working capital: | | | | |
| - Payables | 668,000 | 11.86 | - | - |
| Net cash used in operating activities | (4,139) | (0.07) | (19,355) | (0.30) |
| Decrease in cash and cash equivalents | (4,139) | (0.07) | (19,355) | (0.30) |
| Movement in cash and cash equivalents: | | | | |
| At April 1, | 1,709,953 | 30.36 | 1,729,308 | 26.81 |
| Decrease | (4,139) | (0.07) | (19,355) | (0.30) |
| At March 31, | 1,705,814 | 30.29 | 1,709,953 | 26.51 |

Auditors' report on page 78.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Mau Rs. = 1.7755)

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

Notes to the Financial Statements - year ended march 31, 2012

1. GENERAL INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(b) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(d) Provisions

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

3. SHARE CAPITAL

AUTHORISED

2,500,000 ordinary shares of Rs. 100 each

ISSUED AND FULLY PAID

2,385,171 ordinary shares of Rs. 100 each

4. FINANCE INCOME/(COSTS)

Net foreign exchange transaction gains/(losses)

5. DEFERRED TAXATION

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of related tax benefit is probable. The company has tax losses of Mau Rs. 6,703,637 ₹ in lacs 119.02 (2011 : Mau Rs.6,694,441 ₹ in lacs 103.80) to carry forward against future taxable income, which have not been recognised in these financial statements due to cessation of business.

| 2012 | | 2011 | |
|-------------|------------|-------------|-------------|
| Mau. Rs. | ₹ In Lacs* | Mau. Rs. | ₹ In Lacs** |
| 250,000,000 | 4,438.75 | 250,000,000 | 3,876.50 |
| 238,517,100 | 4,234.87 | 238,517,100 | 3,698.45 |
| 5,057 | 0.09 | (17,374) | (0.27) |

Directors' Report

Dear Shareholder

The Board of Directors is pleased to present the financial statements of **Arvind Spinning Ltd** for the year ended March 31, 2012, the contents of which are listed below :

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

This report was approved by the Board of Directors on May 9, 2012

SANJAY S.LALBHAI

Director

JAYESH K.SHAH

Director

Report of the Auditors to the members

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

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

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

In our opinion, the financial statements, which has been prepared under the **break up basis**, gives a true and fair view of the state of affairs of the company as at March 31, 2012 and of its loss for the year then ended.

Port Louis,
Mauritius.

Date: May 9, 2012

BDO & Co
Chartered Accountants

Statement of Financial Position - March 31, 2012

| | Notes | 2012 | | 2011 | |
|---------------------------------|-------|----------------|--------------|----------------|-------------|
| | | Mau. Rs. | ₹ in Lacs* | Mau. Rs. | ₹ in Lacs** |
| ASSET | | | | | |
| Current asset | | | | | |
| Cash and cash equivalents | | 592,233 | 10.52 | 593,770 | 9.21 |
| Total asset | | 592,233 | 10.52 | 593,770 | 9.21 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and deficit | | | | | |
| Share capital | 3 | 82,409,966 | 1,463.19 | 82,409,966 | 1,277.85 |
| Revenue deficit | | (81,817,733) | (1,452.67) | (81,816,196) | (1,268.64) |
| Equity holders' interest | | 592,233 | 10.52 | 593,770 | 9.21 |

These financial statements have been approved for issue by the Board of Directors on 9th May 2012

SANJAY S.LALBHAI
Director

JAYESH K.SHAH
Director

The notes on page 85 form an integral part of these financial statements.
Auditors' report on page 82.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Mau Rs.= 1.7755)

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

Statement of Comprehensive Income - Year ended march 31, 2012

| | 2012 | | 2011 | |
|-------------------------|----------|------------|----------|-------------|
| | Mau. Rs. | ₹ in Lacs* | Mau. Rs. | ₹ in Lacs** |
| Administrative expenses | (1,537) | (0.03) | (1,200) | (0.02) |
| Loss for the year | (1,537) | (0.03) | (1,200) | (0.02) |

These financial statements have been approved for issue by the Board of Directors on 9th May 2012

SANJAY S.LALBHAI
Director

JAYESH K.SHAH
Director

The notes on page 85 form an integral part of these financial statements.
Auditors' report on page 82.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Mau Rs.= 1.7755)

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

Statement of Cash Flows - Year ended march 31, 2012

| | 2012 | | 2011 | |
|--|----------------|---------------|----------------|---------------|
| | Mau. Rs. | ₹ in Lacs* | Mau. Rs. | ₹ in Lacs** |
| Cash flows from operating activities | | | | |
| Loss for the year | (1,537) | (0.03) | (1,200) | (0.02) |
| Net cash used in operating activities | (1,537) | (0.03) | (1,200) | (0.02) |
| Net decrease in cash and cash equivalents | (1,537) | (0.03) | (1,200) | (0.02) |
| Movement in cash and cash equivalents | | | | |
| At April 1, | 593,770 | 10.54 | 594,970 | 9.23 |
| Decrease | (1,537) | (0.02) | (1,200) | (0.02) |
| At March 31, | 592,233 | 10.52 | 593,770 | 9.21 |

These financial statements have been approved for issue by the Board of Directors on 9th May 2012

SANJAY S.LALBHAI
Director

JAYESH K.SHAH
Director

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

Auditors' report on page 82.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Mau Rs.= 1.7755)

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

Statement of Changes in Equity - Year ended march 31, 2012

| | Share Capital | | Revenue Deficit | | Total | |
|----------------------------------|-------------------|-----------------|---------------------|-------------------|----------------|--------------|
| | Mau. Rs. | ₹ in Lacs* | Mau. Rs. | ₹ in Lacs* | Mau. Rs. | ₹ in Lacs* |
| Balance at April 1, 2011 | 82,409,966 | 1,463.19 | (81,816,196) | (1,452.65) | 593,770 | 10.54 |
| Loss for the year | - | - | (1,537) | (0.03) | (1,537) | (0.03) |
| Balance at March 31, 2012 | 82,409,966 | 1,463.19 | (81,817,733) | (1,452.68) | 592,233 | 10.51 |
| Balance at April 1, 2010 | 82,409,966 | 1,277.85 | (81,814,996) | (1,268.62) | 594,970 | 9.23 |
| Loss for the year | - | - | (1,200) | (0.02) | (1,200) | (0.02) |
| Balance at March 31, 2011 | 82,409,966 | 1,277.85 | (81,816,196) | (1,268.64) | 593,770 | 9.21 |

Auditors' report on page 82.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Mau Rs.= 1.7755)

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

Notes to the Financial Statements - year ended march 31, 2012

1. GENERAL INFORMATION

Arvind Spinning Ltd is a private company incorporated and domiciled in Mauritius. Its main activity is the manufacture of ring and open end spun cotton yarn. The address of its registered office is at 10, Frère Félix de Valois Street, Port Louis, Mauritius and the place of business was at La Tour Koenig, Pointe aux Sables. The company ceased business in August 2004. Arvind Limited, incorporated in India is the holding company. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(b) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction effects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(c) Provisions

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

3. SHARE CAPITAL

STATED CAPITAL

Ordinary shares

At April 1, 2011 and March 31, 2012

| 2012 | | 2011 | |
|-------------------|-----------------|------------|-------------|
| Mau Rs. | ₹ in Lacs* | Mau Rs. | ₹ in Lacs** |
| 82,409,966 | 1,463.19 | 82,409,966 | 1,277.85 |

4. DEFERRED TAXATION

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of related tax benefit is probable. The company has tax losses of Mau Rs.15,292,047 ₹ in lacs 271.52 (2011: Mau Rs.15,290,510 ₹ in lacs 237.09) to carry forward against future taxable income, which have not been recognised in these financial statements due to cessation of business.

Independent Auditor's Report

To the Shareholders of Arvind Textile Mills Limited

We have audited the accompanying financial statements of **Arvind Textile Mills Limited**, which comprise with balance sheet as at 31 March 2012, and the profit and loss account, statement of changes in equity 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 and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that 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 Bangladesh Standards on Auditing. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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, the financial statements present fairly, in all material respects, of the financial position of Arvind Textile Mills Limited as at 31 March 2012, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards and other applicable laws and regulations.

We further report that:

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

Dhaka
12 May, 2012

ACNABIN
Chartered Accountants

Balance Sheet As of 31 March 2012

| | Notes | 31.03.2012 Taka | 31.03.2012 ₹ in lacs* | 31.03.2011 Taka | 31.03.2011 ₹ in lacs** |
|---|-------|--------------------|--------------------------|--------------------|---------------------------|
| Assets | | | | | |
| Non Current Assets | | | | | |
| Fixed Assets-less Accumulated Depreciation | 3 | 7,729,302 | 48.19 | - | - |
| Capital Work-in-Progress (Prior year Figure restated) | 4 | - | - | 17,097,776 | 104.96 |
| | | 7,729,302 | 48.19 | 17,097,776 | 104.96 |
| Current Assets | | | | | |
| Cash and Bank Balances (Prior year Figure restated) | 5 | 1,104,481 | 6.89 | 41,330,151 | 253.73 |
| Accounts Receivable | 6 | 6,732,982 | 41.98 | - | - |
| Advance for Office Rent. | 7 | 5,871,000 | 36.61 | - | - |
| Security Deposit (Prior year Figure restated) | 8 | 7,822,503 | 48.77 | 10,455,808 | 64.19 |
| | | 21,530,966 | 134.25 | 51,785,959 | 317.92 |
| Total | | 29,260,268 | 182.44 | 68,883,735 | 422.88 |
| Equities and Liabilities | | | | | |
| Equity | | | | | |
| Paid up Capital | 9 | 3,200,000 | 19.95 | 3,200,000 | 19.64 |
| Share Application | 10 | 80,104,288 | 499.45 | 73,564,000 | 451.61 |
| Share Premium | 11 | 21,454,765 | 133.77 | 21,454,765 | 131.71 |
| Retained Earning (Prior year Figure restated) | | (75,498,785) | (470.73) | (29,335,030) | (180.09) |
| | | 29,260,268 | 182.44 | 68,883,735 | 422.88 |

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

JAYESH K.SHAH

Director

JAGDISH G.DALAL

Director

Dhaka
12 May, 2012

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Taka Rs.= 0.6235)

** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2011 (1 Taka Rs.= 0.6139)

Profit and Loss Account For the period from 01 April 2011 to 31 March 2012

| | Notes | 2011-12 Taka | 2011-12 ₹ in lacs* | 2010-11 Taka | 2010-11 ₹ in lacs** |
|--|-------|---------------------|-----------------------|---------------------|------------------------|
| Turnover/Revenue | | - | - | - | - |
| Cost of Sales | | - | - | - | - |
| Gross Profit | | - | - | - | - |
| Add: Other Income | | 25,670 | 0.16 | - | - |
| Exchange gain (Prior year figure restated) | | 3,368,415 | 21.00 | 2,657,641 | 16.32 |
| | | 3,394,085 | 21.16 | 2,657,641 | 16.32 |
| Capital Loss | 12 | (29,159,672) | (181.81) | - | - |
| | | (25,765,587) | (160.65) | 2,657,641 | 16.32 |
| Less: Operating Expenses: | 13 | 20,398,168 | 127.18 | 11,128,563 | 68.32 |
| Net Loss (Prior year figure restated) | | (46,163,755) | (287.83) | (8,470,922) | (52.00) |
| Add: Accumulated Loss, brought forwarded | | (29,335,030) | (182.90) | (20,864,108) | (128.08) |
| Accumulated (Loss) transferred to Balance Sheet (Prior year figure restated) | | (75,498,785) | (470.73) | (29,335,030) | (180.08) |

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

JAYESH K.SHAH

Director

JAGDISH G.DALAL

Director

Dhaka
12 May, 2012

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Taka Rs.= 0.6235)

** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2011 (1 Taka Rs.= 0.6139)

Statement of Changes in equity For the year ended on 31 March 2012.

| Particulars | | Paidup Capital | Share Premium | Share Application | Accumulated Profit/Loss | Total |
|------------------------------------|-------------------|-------------------|-------------------|----------------------|----------------------------|-------------------|
| Balance as at 01 April 2010 | In Taka | 700,000 | 4,529,705 | 19,425,060 | (20,864,108) | 3,790,657 |
| | Rs in lacs | 4.55 | 29.44 | 126.26 | (135.62) | 24.64 |
| Addition during the year | In Taka | 2,500,000 | 16,925,060 | 54,138,940 | (8,470,922) | 65,093,078 |
| | Rs in lacs | 16.25 | 110.01 | 351.90 | (55.06) | 423.11 |
| Balance as at 01 April 2011 | In Taka | 3,200,000 | 21,454,765 | 73,564,000 | (29,335,030) | 68,883,735 |
| | Rs in lacs | 19.64 | 131.71 | 451.61 | (180.09) | 422.88 |
| Addition during the year | In Taka | - | - | 6,540,288 | (46,163,755) | (39,623,467) |
| | Rs in lacs | - | - | 40.15 | (283.40) | (243.25) |
| Balance as at 31 March 2012 | In Taka | 3,200,000 | 21,454,765 | 80,104,288 | (75,498,785) | 29,260,268 |
| | Rs in lacs | 19.95 | 133.77 | 499.45 | (470.73) | 182.44 |

Director
(Jayesh K. Shah)

Director
(Jagdish G. Dalal)

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Taka Rs.= 0.6235)

** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2011 (1 Taka Rs.= 0.6139)

Statement of Cash Flows for the period from 01 April, 2011 to 31 March, 2012

| | 2011-12 Taka | 2011-12 ₹ in lacs* | 2010-11 Taka | 2010-11 ₹ in lacs** |
|---|---------------------|-----------------------|---------------------|------------------------|
| a. Cash Flow from Operating Activities | | | | |
| Net Loss | (46,163,755) | (287.83) | (8,470,922) | (52.00) |
| Adjustment for items not involving movement of cash: | | | | |
| Depreciation | 1,994,511 | 12.44 | - | - |
| (Gain)/loss on sale of fixed assets | 29,159,672 | 181.81 | - | - |
| Tax paid | - | - | - | - |
| | (15,009,572) | (93.58) | (8,470,922) | (52.00) |
| Changes in working capital components: | | | | |
| Decrease in Prepayments (Security Deposit) | 2,633,305 | 16.42 | (7,108,797) | (43.64) |
| Increase in Receivable | (6,732,982) | (41.98) | - | - |
| Increase in Prepayments (Advance Office Rent) | (5,871,000) | (36.61) | - | - |
| Net cash flow from operating activities | (24,980,249) | (155.75) | (15,579,719) | (95.64) |
| b. Cash Flow from Investing Activities | | | | |
| Capital work-in-progress-Building (previous yr fig. restated) | - | - | (17,097,776) | (104.96) |
| Purchase of Fixed Asset | (9,723,813) | (60.63) | - | - |
| Sale of Capital work-in-progress-Building | 12,500,000 | 77.94 | - | - |
| Acquisition of Capital Work in Progress | (24,561,896) | (153.14) | - | - |
| Refund of Capital Work in Progress for L/C | - | - | - | - |
| Net Cash flow from Investing Activities | (21,785,709) | (135.83) | (17,097,776) | (104.96) |
| c. Cash Flow from Financing Activities | | | | |
| Share Application | 6,540,288 | 40.78 | 73,564,000 | 451.61 |
| Net Cash flow from Financing Activities | 6,540,288 | 40.78 | 73,564,000 | 451.61 |
| Net surplus/(deficit) of cash & bank balance for the year (a+b+c) | (40,225,670) | (250.81) | 40,886,505 | 251.00 |
| Cash & bank balance at beginning of the year | 41,330,151 | 257.69 | 443,646 | 2.72 |
| Cash & bank balance at end of the year | 1,104,481 | 6.88 | 41,330,151 | 253.72 |

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Taka Rs.= 0.6235)

** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2011 (1 Taka Rs.= 0.6139)

Notes to the Financial Statements For the period from 01 April 2011 to 31 March 2012

1. Formation, Status and Activities

1.1 Formation and Status

Arvind Textile Mills Ltd., a private company limited by shares, was incorporated in Bangladesh on 25 September 2006, under the Companies Act, 1994, with authorized capital Tk.500,000,000 (fifty crores) divided in to 50,000,000 (five crores) shares of Tk.10 (ten) each. The majority of paid up share capital is being held by Arvind Limited, the holding company.

1.2 Activities

The company was established with the principal objectives of carrying of business of spinning, weaving, or manufacturing or importing, exporting or dealing in cotton or other fibrous substances and the preparation, dyeing or coloring of any of the said substances and the sale, import, export yarn, cloth or other manufactured fibrous products.

2. Significant Accounting Policies

2.1 Basis of the Preparation of Financial Statements

These financial statements have been prepared under the historical cost convention in accordance with International Accounting Standards as adopted in Bangladesh.

2.2 Depreciation on Fixed Assets

Fixed assets in the Balance Sheet are stated at cost less accumulated depreciation. Depreciation on fixed assets is computed using reducing balance method at the following rates based on the estimated useful lives of the assets.

| Name of Fixed Assets | Rate (%) |
|--------------------------|----------|
| Office equipment | 20% |
| Computer equipment (EDP) | 33.33% |
| Office Renovation | 20% |

2.3 General

a. Figures in the financial statements have been rounded off to the nearest Taka.

b. Dollar transaction during the year have been converted and transacted using the average exchange rate USD 1=BDT 76.95. Opening balances of OBU dollar account and security deposit (USD) with BEPZA have been converted by using the exchange rate as on 01 April 2011 (i.e Closing rate of 31 March 2011) which was USD 1= BDT 72.74. Since, the closing balance of the above two accounts were converted at the Balance Sheet date of 31 March 2011 by using the 2011-2012 average exchange rate, the previous year balances have been restated. Closing balances of OBU dollar account and security deposit (USD) with BEPZA have been converted at the Balance Sheet date of 31 March 2012 using the exchange rate USD 1= BDT 81.79.

3. Fixed assets

Cost:

Opening balance

Add: Addition during the year

Accumulated depreciation:

Opening balance

Add: Depreciation charged during the year

Written down value as at 31 March 2012

(A schedule of fixed assets is given in Annexure-A)

4. Capital Work-in-Progress-Building

Opening Balance

Add: Addition during the year (previous yr fig restated)

Asset held for Sale

Sale of Capital Work-in-Progress-Building (Note: 4.01)

Closing balance

| | 31.03.12 Taka | 31.03.12 ₹ in lacs* | 31.03.11 Taka | 31.03.11 ₹ in lacs** |
|--|------------------|------------------------|------------------|-------------------------|
| Cost: | | | | |
| Opening balance | - | - | - | - |
| Add: Addition during the year | 9,723,813 | 60.63 | - | - |
| | 9,723,813 | 60.63 | - | - |
| Accumulated depreciation: | | | | |
| Opening balance | - | - | - | - |
| Add: Depreciation charged during the year | 1,994,511 | 12.44 | - | - |
| | 1,994,511 | 12.44 | - | - |
| Written down value as at 31 March 2012 | 7,729,302 | 48.19 | - | - |
| Capital Work-in-Progress-Building | | | | |
| Opening Balance | 17,097,776 | 104.96 | - | - |
| Add: Addition during the year (previous yr fig restated) | 24,561,896 | 153.14 | 17,097,776 | 104.96 |
| Asset held for Sale | 41,659,672 | 258.10 | 17,097,776 | 104.96 |
| Sale of Capital Work-in-Progress-Building (Note: 4.01) | 41,659,672 | 258.10 | - | - |
| Closing balance | - | - | 17,097,776 | 104.96 |

Last year a LC of USD 400,000 was opened for purchasing building materials and this amount was included in Capital Work-in-Progress. This year same amount was refunded in the bank account due to cancellation of said LC. This amount has been restated.

4.01 Due to power crisis ATML failed to start its operation in BEPZA, Comilla. As a result the management of ATML decided to abort the project and sell/transfer the plot along with the Building Work-in-progress to T & S Garments subject to obtaining NOC from BEPZA.

Subsequently a Memorandum of Understanding has been signed between ATML and T & S Garments on 29 February 2012 for such sale/transfer. The Sale/Transfer price was agreed at BDT 12,500,000 and ATML received a partial amount of 74945 equivalent to BDT 5,767,018 before 31 March 2012.

Notes to the Financial Statements

For the period from 01 April 2011 to 31 March 2012

| | 31.03.2012 Taka | 31.03.2012 ₹ in lacs* | 31.03.2011 Taka | 31.03.2011 ₹ in lacs** |
|--|--------------------|--------------------------|--------------------|---------------------------|
| 5 Cash and Cash Equivalent | | | | |
| Cash in Hand | 35,194 | 0.22 | 112,715 | 0.69 |
| Cash at Bank: | | | | |
| A/C # 05420035420001 | 915,954 | 5.71 | 6,277,045 | 38.53 |
| A/C # 06120001220001 (Prior year figure restated) | 153,333 | 0.96 | 34,940,391 | 214.50 |
| | 1,104,481 | 6.89 | 41,330,151 | 253.72 |
| 6 Account Receivable | | | | |
| Sale of Capital Work-in-Progress | 12,500,000 | 77.94 | - | - |
| Less: Cash received during the year | 5,767,018 | 35.96 | - | - |
| | 6,732,982 | 41.98 | | |
| 7 Advances for Office Rent | | | | |
| Opening balance | - | - | - | - |
| Add: Addition paid during the year | 6,180,000 | 38.53 | - | - |
| | 6,180,000 | 38.53 | | |
| Less: Adjusted/ Realized during the year (Note: 7.01) | 309,000 | 1.93 | - | - |
| | 5,871,000 | 36.60 | | |
| 7.01 Adjusted/ Realized during the year | | | | |
| Adjusted of advance office rent | 309,000 | 1.93 | - | - |
| | 309,000 | 1.93 | | |
| Advance office rent paid Tk 61,80,000 for five years and these amounts will be adjusted on monthly basis Tk. 103,000 effective from 01 January 2012 to 31 December 2017. | | | | |
| | 31.03.2012 Taka | 31.03.2012 ₹ in lacs* | 31.03.2011 Taka | 31.03.2011 ₹ in lacs** |
| 8 Advances for Office Rent | | | | |
| Opening balance | 10,455,808 | 65.19 | 3,347,011 | 20.55 |
| Add: Addition paid during the year | 1,144,295 | 7.13 | 7,108,797 | 43.64 |
| | 11,600,103 | 72.32 | 10,455,808 | 64.19 |
| Less: Adjusted/ Realized during the year | 3,777,600 | 23.55 | 0 | 0 |
| | 7,822,503 | 48.77 | 10,455,808 | 64.19 |
| 9 Share Capital | | | | |
| Authorized capital: | | | | |
| 50,000,000 ordinary shares of Tk.10 each | 500,000,000 | 3,117.50 | 500,000,000 | 3,069.50 |
| Issued, subscribed and paid-up capital: | | | | |
| 320,000 ordinary shares of Tk.10 each fully paid-up (Note: 3.01) | 3,200,000 | 19.95 | 3,200,000 | 19.64 |
| 9.01 Details of shareholdings are as under: | | | | |
| | No. of share | | | |
| Name of the shareholder | | | | |
| Arvind Limited. | 318,600 | 3,186,000 | 3,186,000 | 19.56 |
| Mr. Jayesh Kantilal Shah | 700 | 7,000 | 7,000 | 0.04 |
| Mr. Jagdish Gajanand Dalal | 700 | 7,000 | 7,000 | 0.04 |
| | 320,000 | 3,200,000 | 3,200,000 | 19.64 |

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Taka Rs.= 0.6235)

** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2011 (1 Taka Rs.= 0.6139)

Notes to the Financial Statements

For the period from 01 April 2011 to 31 March 2012

| | 31.03.2012 Taka | 31.03.2012 ₹ in lacs* | 31.03.2011 Taka | 31.03.2011 ₹ in lacs** |
|--|---------------------|--------------------------|--------------------|---------------------------|
| 10 Share Application | | | | |
| Opening Balance (250000 shares @ 77.70) | 73,564,000 | 458.67 | 19,425,060 | 119.25 |
| Less: Transfer to share capital and Share Premium on Allotment | - | - | 19,425,060 | 119.25 |
| | <u>73,564,000</u> | <u>458.67</u> | - | - |
| Add: Share application received during the year | 62,329,038 | 388.62 | 73,564,000 | 451.61 |
| | <u>135,893,038</u> | <u>847.29</u> | <u>73,564,000</u> | <u>451.61</u> |
| Less: Refund of Share Application | 55,788,750 | 347.84 | - | - |
| | <u>80,104,288</u> | <u>499.45</u> | <u>73,564,000</u> | <u>451.61</u> |
| 11 Share Premium | | | | |
| 70,000 shares @ 64.71 | 4,529,705 | 28.24 | 4,529,705 | 27.81 |
| 250,000 shares @ 67.70 | 16,925,060 | 105.53 | 16,925,060 | 103.90 |
| | <u>21,454,765</u> | <u>133.77</u> | <u>21,454,765</u> | <u>131.71</u> |
| 12 Capital Loss | | | | |
| Sale of Capital Work-in-Progress-Building | 41,659,672 | 259.75 | - | - |
| Selling Price | 12,500,000 | 77.94 | - | - |
| Loss on sale of Capital Work-in-Progress-Building | <u>(29,159,672)</u> | <u>(181.81)</u> | <u>-</u> | <u>-</u> |
| 13 Operating Expenses | | | | |
| Lease rental | 6,315,432 | 39.38 | 3,423,224 | 21.02 |
| Bank charge | 226,805 | 1.41 | 328,500 | 2.02 |
| Taxes and Duties | 7,700 | 0.05 | 1,338,633 | 8.22 |
| Advertisement | 31,200 | 0.19 | 8,440 | 0.05 |
| Travelling | 183,271 | 1.14 | 111,798 | 0.69 |
| Office Expenses | 128,811 | 0.80 | 321,315 | 1.97 |
| Professional Fee | 2,115,641 | 13.19 | 2,795,346 | 17.16 |
| Miscellaneous Expenses | 37,195 | 0.23 | 16,571 | 0.10 |
| Utilities | 18,424 | 0.11 | 88,897 | 0.55 |
| Salary | 1,556,619 | 9.71 | 326,000 | 2.00 |
| Entertainment | 39,014 | 0.24 | 168,161 | 1.03 |
| Office Renovation Expense | 845,025 | 5.27 | 1,388,788 | 8.53 |
| Insurance Expense | - | - | 443,890 | 2.73 |
| Survey & Soil Test | - | - | 369,000 | 2.27 |
| Communication and Mailing | 109,806 | 0.68 | - | - |
| Guest House expense | 367,275 | 2.29 | - | - |
| Security service | 551,225 | 3.44 | - | - |
| C&F Charges | 97,773 | 0.61 | - | - |
| Repair and Maintenance | 225,600 | 1.41 | - | - |
| Legal fee-Reshipment | 4,200,000 | 26.19 | - | - |
| Office Rent | 1,346,841 | 8.40 | - | - |
| Depriciation | 1,994,511 | 12.44 | - | - |
| | <u>20,398,168</u> | <u>127.18</u> | <u>11,128,563</u> | <u>68.34</u> |

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Taka Rs.= 0.6235)

** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2011 (1 Taka Rs.= 0.6139)

Schedule of Fixed Assets For the year ended 31 March 2012

| | | Office Equipment | Computer Equipment | Office Renovation | Total |
|---------------------------|--------------------|---------------------|-----------------------|----------------------|------------------|
| COST | | | | | |
| At April 1,2011 | In Taka | - | - | - | - |
| | Rs. In Lacs | - | - | - | - |
| Additions | In Taka | 661,140 | 373,204 | 8,689,469 | 9,723,813 |
| | Rs. In Lacs | 4.12 | 2.33 | 54.18 | 60.63 |
| AT March 31,2012 | In Taka | 661,140 | 373,204 | 8,689,469 | 9,723,813 |
| | Rs. In Lacs | 4.12 | 2.33 | 54.18 | 60.63 |
| DEPRECIATION | | | | | |
| At April 1,2011 | In Taka | - | - | - | - |
| | Rs. In Lacs | - | - | - | - |
| Additions | In Taka | 132,228 | 124,389 | 1,737,894 | 1,994,511 |
| | Rs. In Lacs | 0.82 | 0.78 | 10.84 | 12.44 |
| AT March 31,2012 | In Taka | 132,228 | 124,389 | 1,737,894 | 1,994,511 |
| | Rs. In Lacs | 0.82 | 0.78 | 10.84 | 12.44 |
| WRITTEN DOWN VALUE | | | | | |
| At March 31,2012 | In Taka | 528,912 | 248,815 | 6,951,575 | 7,729,302 |
| | Rs. In Lacs | 3.30 | 1.55 | 43.34 | 48.19 |
| At March 31,2011 | In Taka | - | - | - | - |
| | Rs. In Lacs | - | - | - | - |

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2012 (1 Taka Rs.= 0.6235)

** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31st March, 2011 (1 Taka Rs.= 0.6139)

NOTE UNDER SUB-SECTION (1) OF SECTION 212

The Ministry of Corporate Affairs has, vide its General Circular No. 2/2011 (No:5/12/2007-CL-III) dated 8th February, 2011, granted a general exemption to the Companies under Section 212(8) of Companies Act, 1956, relating to the statements to be attached in respect of the subsidiary companies, with the financial statements of the Companies. As required, the information in aggregate for each of the subsidiary Company is furnished as under.

Shareholders interested in obtaining the statements of Company's interest in the subsidiaries or stand-alone financial statements of the subsidiaries may obtain it by writing it to the Company.

The information in aggregate for each subsidiary including subsidiaries of subsidiaries in terms of direction u/s 212 (8) of the Companies Act, 1956 :

| | | | | | | | | | | | ₹ in crores |
|---------|---|---------|----------|--------------|-------------------|-----------------------|----------|-------------------------------|------------------------|------------------------------|-------------------|
| Sr. no. | Name of Subsidiary | Capital | Reserves | Total Assets | Total Liabilities | Details of Investment | Turnover | Profit/(Loss) before Taxation | Provision for Taxation | Profit/(Loss) after Taxation | Proposed Dividend |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
| 1 | Asman Investments Limited | 0.08 | (21.58) | 4.76 | 26.26 | [1] | 94.85 | 1.44 | 0.51 | 0.93 | Nil |
| 2 | Arvind Worldwide Inc. | 2.19 | (0.01) | 4.30 | 2.12 | [2] | 7.77 | 0.30 | (0.02) | 0.32 | Nil |
| 3 | Arvind Worldwide (M) Inc. | 23.87 | (27.97) | 1.60 | 5.70 | [2] | 0.00 | (0.06) | 0.00 | (0.06) | Nil |
| 4 | Arvind Retail Limited | 20.95 | 63.81 | 319.59 | 234.83 | [2] | 506.29 | (17.95) | -5.83 | (12.12) | Nil |
| 5 | Arvind Lifestyle Brands Limited | 20.05 | 145.72 | 604.65 | 438.88 | [3] | 675.54 | 20.08 | 6.71 | 13.37 | Nil |
| 6 | Syntel Telecom Limited | 0.05 | (1.38) | 0.31 | 1.64 | [2] | 0.21 | (0.14) | 0.00 | (0.14) | Nil |
| 7 | Arvind Accel Limited | 0.05 | (4.93) | 22.35 | 27.23 | [1] | 17.40 | (4.98) | 0.02 | (5.00) | Nil |
| 8 | The Anup Engineering Limited | 3.40 | 29.46 | 73.68 | 40.82 | [2] | 74.00 | 0.26 | 0.14 | 0.12 | Nil |
| 9 | Arvind Infrastructure Limited | 0.05 | 2.79 | 41.86 | 39.02 | [4] | 0.64 | 2.73 | 0.02 | 2.71 | Nil |
| 10 | Arvind Brands & Retail Limited (Formerly Known as Silverstone Properties Limited) | 10.05 | 180.00 | 201.18 | 11.13 | [5] | 0.00 | 0.18 | 0.00 | 0.18 | Nil |
| 11 | Arvind PD Composites Private Limited | 0.08 | 6.04 | 6.86 | 0.74 | [2] | 0.00 | 0.00 | 0.00 | 0.00 | Nil |
| 12 | Arvind Envisol Private Limited | 0.01 | 0.00 | 1.89 | 1.88 | [2] | 0.00 | 0.00 | 0.00 | 0.00 | Nil |
| 13 | Ahmedabad East Infrastructure LLP | 0.02 | (0.02) | 0.01 | 0.01 | [2] | 0.00 | (0.02) | 0.00 | (0.02) | Nil |

₹ in crores

[1] Not applicable being Investment Subsidiary

[2] These Companies have no Investments.

[3] Investment in Govt. Securities 0.02

[4] Investment in Partnership Firm 19.46

[5] Investment in Partnership Firm 1.64

Location & Sites

Lifestyle Fabrics – Denim
Arvind Limited
Naroda Road
Ahmedabad – 380 025
Gujarat, India
Tel : +91-79-30138000 / 30138181
Fax : +91-79-30138671
E-mail: subir.mukherjee@arvind.in

Lifestyle Fabrics – Voiles
Ankur Textiles
Outside Raipur Gate
Ahmedabad – 380 022
Gujarat, India
Tel : +91-79-30137200 / 30137231
Fax : +91-79-30137231
E-mail: brijesh.bhati@arvind.in

Lifestyle Fabrics – Shirting, Khakis and
Knitwear
Arvind Limited
PO Khatrej, Taluka Kalol
Dist. Gandhinagar – 382 721
Gujarat, India
Tel : +91-2764-395560
Fax : +91-2764-395040
E-mail: pranav.dave@arvind.in

Lifestyle Apparel – Knits
Arvind Limited
PO Khatrej, Taluka Kalol
Dist. Gandhinagar – 382 721
Gujarat, India
Tel : +91-2764-395410
E-mail: nitin.seth@arvind.in

Lifestyle Apparel – Jeans
Arvind Limited
#26/2 ,27/2, Kenchenahalli
Mysore Road
Near Bangalore University
Bangalore – 560 059
Tel : +91-80-33719000
E-mail: ashish.kumar@arvindexports.com

Lifestyle Apparel – Shirts
Arvind Limited
No.23/1, Sonnenahalli Village
Sitarampalya Cross
ITPL Road, Brookfield, Mahadevpura Post
Bangalore - 560048, Karnataka, India
Tel : +91-80-33717000
E-mail: ashish.kumar@arvindexports.com

Subsidiaries & Joint Ventures

Arvind Lifestyle Brands Limited
8th Floor, Du Park Trinity
17, M. G. Road, Bangalore - 560 001
Tel : +91-80-41550650
Fax : +91-80-41550651
E-mail: sureshj@arvindbrands.com

Arvind Retail Limited
5th Floor, Du Park Trinity
17, M. G. Road, Bangalore - 560 001
Tel : +91-80-40488775
Fax : +91-80-40488751
E-mail: venkat@arvindbrands.com

The Anup Engineering Limited
Behind 66KV Sub Station
Odhav Road, Ahmedabad-382415
Gujarat, India
Tel : +91-79-22870622-23
Fax : +91-79-22870642
E-mail: anup@anupengg.com

Arvind Infrastructure Limited
24, Govt. Servant's Society
Adj. Municipal Market
C. G. Road, Ahmedabad-380 009
Tel : +91-79-30137000
Fax: +91-79-30137021
E-mail: kamal.singal@arvind.in

Arvind PD Composites Pvt. Limited
Village: Moti Bhojan Ta: Kalol
Dist: Gandhinagar, Gujarat –382721
Tel :02764 396223-02764 395000
Fax: 02764-395043
Contact Person : Mr. Rajesh Patel
E-mail: rajesh.patel@arvind-pd.in

Arvind Envisol Pvt Limited
Arvind Mill Premises, Naroda Road,
Ahmedabad – 380 025
Tel: 079-30138000
Fax: 079-30138677
Contact Person : Mr. Dinesh Yadav
E-mail: dinesh.yadav@arvind.in

Arvind and Smart Value Homes LLP
Regd. Office: Arvind Limited Premises
Naroda Road, Ahmedabad-380025
Business Address : 1008/1009
Venus Atlantis, Nr. Reliance Petrol Pump
Anandnagar Road, Prahladnagar
Ahmedabad-380051
Contact Person : Darshit Shah
E-mail: corporateinfo@asvh.in

Tommy Hillfiger Arvind Fashion
Private Limited
4, Brunton First Cross Road
Bangalore - 560 025
Tel : +91-80-41124091
Fax : +91-80-41124092

Arya Omnitalk Wireless Solutions
Private Limited
3rd Floor, Ling Field Plaza
S.No.66/67, Salunke Vihar Road
Wanowrie, Pune – 411 040
Tel : +91-20-26851072, 40118100
Fax : +91-20-26851077

Overseas Offices

Arvind Worldwide Inc.
130, West, 42nd Street
Suite 603, 6th Floor
New York, NY 10036, USA
Tel +(212)768-4815X104
E-mail: rajuu@arvindusa.com

Arvind Limited
Plot No.221
Bir Uttam Mir Shawkat Road
(Gulshan – Tejgaon Link Road)
Tejgaon I/A, Dhaka – 1208
Bangladesh
Tel : +880-2-9887123 / 124
E-mail: p.anilkumar@arvind.com

Arvind Ltd
Unit 1705, 17th Floor, Trendy Centre
682-684 Castle Peak Road
Cheung Sha Wan
Kowloon, Hongkong
Tel : +852 66271025
Fax : +852 27820090
Contact Person : Mr. Rajesh Manwani
E-mail: arvindmills@netvigator.com

FORM OF PROXY
ARVIND LIMITED

NARODA ROAD, AHMEDABAD - 380 025

I/We _____ of _____ in the District of _____ being a member / members of the above named Company hereby appoint _____ of _____ in the District of _____ or failing him _____ of _____ in the District of _____ or failing him _____ of _____ in the District of _____ as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on Friday, the 28th September, 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012

Signature _____

AFFIX
15 Paise
REVENUE
STAMP

L.F.No. _____

* Depository : NSDL/CDSL _____

* DP.ID: _____

* Client ID: _____

* For Shares held in Electronic Form

No. of Share(s) held _____

Notes :

- (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
- (2) A proxy need not be a member.
- (3) The completed form should be deposited at the Registered Office of the Company, Naroda Road, Ahmedabad - 380 025 not less than 48 hours before the time for holding the meeting.

ARVIND LIMITED

Regd. Office : Naroda Road, Ahmedabad - 380 025.

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting held at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006 on Friday, the 28th September, 2012 at 10:00 a.m.

1. L.F.NO. _____

2. * DEPOSITORY : NSDL/CDSL _____

3. * D.P.ID _____

4. * CLIENT ID _____

* FOR SHARES HELD IN ELECTRONIC FORM

5. FULL NAME OF THE SHAREHOLDER : _____
(IN BLOCK LETTERS)

6. NO. OF EQUITY SHARES HELD : _____

7. SIGNATURE OF THE SHAREHOLDER
OR PROXY ATTENDING : _____

(PLEASE GIVE FULL NAME OF THE 1ST JOINT HOLDER)

MR./MRS./MISS _____

(TO BE USED ONLY WHEN FIRST NAMED SHAREHOLDER IS NOT ATTENDING)

NOTE : PLEASE FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.

Arvind Limited

Regd. Office: NARODA ROAD, AHMEDABAD - 380 025.

The holder of this coupon will be entitled to 15% discount on the price of cloth of Arvind Limited purchased at any Retail Shop in Ahmedabad and 12.5% discount at other Retail Shops mentioned below: This facility is not available on purchases against Credit Cards.

These coupons can be redeemed at following locations of 

ANDHRA PRADESH

GUNTUR: D No: 6-10-28, Arundalpet 10/1, Opposite To Twills Showroom, Ph: (0863) 2228618

HYDERABAD: • D No: 16-11-740/5/a, Shop No: 20 & 21, Main Road, Dibukhnagar, Ph: (040) 42204646 • 3-6-476, Himaynagar, Ph: (040) 40404052 • Road No.1, Opp. Grand Sitara, Kphb colony, Kukatapally, Ph: (040) 64530492 • House No: 6-3-788/19, opp big bazaar, Ameerpet, Ph: (040) 66418883

JAGTIAL: Srikanth Retail 2-4-104/1 Ram Bazaar, Opp Vysya Bhavan, Ph: (08724) 228883

KAKINADA: D No: 5-1-65, Opp. Care Hospital, Main Road, Ph: (0884) 6668116

KARIMNAGAR: 3-5-291/A, Ajmatpura, Near Rajiv Chowk, Ph: (0878) 2241234

KHAMMAM: Door No: 9-7-112, Kasba Bazaar, Ph: (08742) 225455

MANCHERIAL: 5-632, Market Road, Adilabad Dist., Ph: (08736) 252123

NALGONDA: H No: 5-4-9, Old Collectorate Road, Prakasam Bazaar, Ph: (08682) 230455

PRODDATUR: H No: 11/621, Beside Gajulapalli Kalyana Mandapam, Mydukur Road, Ph: (08564) 254988

SECUNDERABAD: Shop No. 2, Panchsheela Tower, Parklane, Ph: (040) 66333994

SRIKAKULAM: TS No: 24/4 Part, Asst.no:1195P, Near Gandhi Park, Chowk Ward, Palakonda Road, Ph: (08942) 222355

VIJAYAWADA: • 27-21-47, 48 & 49, Kaleswar Rao Road, Besant Road Cross, Governarpet, Ph: (0866) 6639344

• Sainag Complex, 40-1-52/5, M.G. Road, Opp. ICICI Bank, Ph: (0866) 3073618

VISHAKAPATANAM: • 16-18-8, Old No: 9-58a, Old Gajuwaka, Ph: (0891) 6450406

• Door No: 30-15-165, Shop No G1 & G2, Daba Gardern, Ph: (0891) 6589399

VIZIANAGARAM: Near Daba Thota, M.G. Road, Ph: (08922) 236194

WARANGAL: J. J. Plaza, H. No: 2-5-291, Nakalagutta, Hanamkonda, Ph: (0870) 2555477

GUJARAT

AHMEDABAD: • Ground Floor, Sharad Shopping Centre, Nr. Chinubhai Tower, Opp. Handloom House, Ashram Road, Ph: (079) 65446533 / 40072819 • F 105/106 Sopan Complex, Nr. ICICI Bank, New C. G. Road, Chandkheda, Ph: (079) 40055143 • 11, Chandraprabhu Complex, Nr. Sardar Patel Statue, Stadium Road, Naranpura, Ph: (079) 26568692 • 118, Silicon Valley, Shivranjani Cross Rd, Satellite, Ph: (079) 26733176 • 5, Suryodaya, 1st Floor, Swastik Char Rasta, C. G. Road, Ph: (079) 26441216

The Arvind Store offers ready mades from Arrow, US Polo, Flying Machine and IZOD. It also provides custom tailoring services and factory made customized denims by Arvind Denim Lab (ADL).

You can also redeem these coupons at following stores:

Lalbhai Sales & Services, Ashoka Spintex Premises, Naroda Road, Ahmedabad-380025

Doshi Shashikant Chhabildas, In the lane of Dave Medical, Amreli.

Bombay Textorium Pvt. Ltd., Sardar Chowk, Bardoli.

'Utsav Plus' 1/2 Nagar Palika Shopping Centre, Opp. Shalimar Theatre, Bharuch.

Salot Chunilal Ratilal, Herish Road, Bhavnagar.

M/s. Doshi Cloth Stores, Maherali Chowk, Bhuj (Kutch)

Janta Cloth Store, Bazaar Street, Billimora

Nanak Saree Centre, Vaniawad, Chikhali.

Shah Kuberal Nathalal, Tower Bazar, Dabhol.

M/s. Jograj & Co., Kalpataru, 1688 Khol Galli, Dhulia-424001

Yogi Selection, G-3, Akshar Complex, Rajshree Cinema Road, Sector No.20, Gandhinagar.

Pratik Cloth Stores, Near S.T.Stand, Idar.

Bhayani Brothers, Bedi Gate, Jamnagar

Mukund, A-1, Super Market, Jamnagar.

Maruti, Near Praygra School, Kalol (N.G.)

• 22, Ground Floor, Maradia Plaza, Nr. Associated Petrol Pump, C. G. Road, Navrangpura, Ph: (079) 26462665

ANAND: Shop No. G-02 Laksh Prime, Opposite Town Hall, Ph: (02692) 267202

NADIAD: Shop No. G-5, Mercury - I, College Road, Nr Waniawad Circle, Opp. Swaminarayan Mandir, Ph: (0268) 2529452

PORBANDAR: Kuber Arcade, 1st Floor, Opp. Hdcc Bank, MG Road, Ph: (0286) 2243444 / 2242444

RAJKOT: Shop No 2, 3 & 4, Shree Chambers, Trikon Baug, Ph: (0281) 2230144

SURAT: Shop No. 4, Kakadia Complex, Ghod-dad Road, Ph: (0261) 2226666/4

VADODARA: Shop No. 8, Ground Floor, Seven Seas Mall, Fateh Ganj, Ph: (0265) 2750015

KARNATAKA

BANGALORE: • 341/3, 2 Main Road, Btw 11 -12 Cross, Malleshwaram, Sampige Road, Ph: (080) 23368795 • Shambu Towers, No. 6, D.V.G Road, Gandhi Bazaar, Basavanagudi, Ph: (080) 40978485

MAHARASHTRA

MUMBAI: 101/102, Laxmi Chaya Building, LT Road, Near Babhai Naka, Borivli (W), Ph: (022) 28911311/2

NASIK: Ground Floor, Opp. Rajivgandhi Bhavan, Malpani Pride, Sharanpur Road, Old Punadit Colony, Ph: (0253) 2319339

PUNE: 842, Opp. City Post Office, Laxmi Road, Ph: (020) 30226004

SANGLI: 1000/1001, Kapad Peth, Main Road, Ph: (0233) 2326111/6615777

RAJASTHAN

JAIPUR: • Kargil Hero Kuty, P.No. 1/461, C-2, Ground Floor, Chitrakoot Yojana, Vaishali Nagar, Ajmer Road, Ph: (0141) 2441751 • G33-34 Unnati Tower, Central Spine, Vidhyadhar Nagar, Ph: (0141) 2339890 • A-31, Kanchan Apartment, Tilaknagar(Rajapark), Ph: (0141) 2621435

KOTA: Ram Bhavan, Kotri Circle, Gumanpura Road, Ph: (0744) 2391523

UDAIPUR: Jai Jinendra Building, Opp. A-One School, University Road, Ph: (0294) 3297036

WEST BENGAL

DURGAPUR: Opp. Punjab National Bank, Nachan Road, Bhirangi More, Ph: +91 9233501222

HALDIA: Millenium Tower, Regent Station Building, Durgachak, Ph: (03224) 278325 / 272901

SILIGURI: Ground Floor, M Square, Opp. Hotel Sachitra, 2nd Mile, Sevoke Road, Ph: (0353) 6502110

Arvind Limited

Fabric Coupon

A Rs. 500-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2013

Date

Arvind Limited

Fabric Coupon

A Rs. 500-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2013

Date

Arvind Limited

Fabric Coupon

A Rs. 250-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2013

Date

Arvind Limited

Fabric Coupon

A Rs. 250-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2013

Date

Arvind Limited

Fabric Coupon

A Rs. 250-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2013

Date

Arvind Limited

Fabric Coupon

A Rs. 250-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2013

Date

BOOK-POST

If undelivered, please return to:
Arvind Limited
Naroda Road
Ahmedabad - 380 025