

ARVIND LIFESTYLE BRANDS LIMITED

Regd. Office: ARVIND MILLS PREMISES, NARODA ROAD, AHMEDABAD – 380 025

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of Arvind Lifestyle Brands Limited will be held on Thursday, the 29th September, 2011 at 12.00 p.m at the Registered Office of the Company at Arvind Mills Premises, Naroda Road, Railwaypura Post, Ahmedabad – 380 025 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statements of Accounts for the financial year ended on 31st March 2011 and the Reports of the Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Sanjay S. Lalbhai, who retires by rotation in terms of Article 149 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of the ensuing Annual General Meeting up to the conclusion of the next Annual General Meeting and to fix their remuneration.

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

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

By order of the Board

For ARVIND LIFESTYLE BRANDS LIMITED

SD/-

Jayesh K. Shah

Director

Place: Ahmedabad

Date : 20th May 2011

ARVIND LIFESTYLE BRANDS LIMITED

DIRECTORS REPORT

To,
The Members,

Your Directors have pleasure in presenting the Directors Report of the Company together with the audited accounts for the period from 1st April 2010 to 31st March 2011.

FINANCIAL RESULTS

Particulars	For the period ended 31 st March 2011 (Amount in rupees)	For the period ended 31 st March 2010 (Amount in rupees)
Sales & Services	4,158,133,802	2,519,829,286
Other Income	43,901,615	11,447,539
Total Income	4,202,035,417	2,531,276,825
Profit/Loss before interest and depreciation	412,629,832	150,929,950
Interest	122,259,274	40,752,132
Profit before depreciation	290,370,558	110,177,818
Depreciation/Amortization	115,254,309	100,929,834
Profit/(Loss) before tax	175,116,249	9,247,984
Tax	72,753,241	(11,751,103)
Profit/(Loss) after Tax	102,363,008	20,999,087
Profit /(Loss) after tax carried over to Balance Sheet	123,824,820	21,461,812
Proposed Dividend	-	-

OPERATIONS

Your Company has posted a sales turnover of Rs. 4,158,133,802/- during the year under review. The operating profit before interest and depreciation stands at Rs. 412,629,832/-.

DIVIDEND

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

DIRECTOR

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

PERSONNEL

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

FIXED DEPOSITS

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

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

A. Conservation of Energy

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

B. Research and Development and Technology Absorption

a. Research and Development

The Company has not undertaken any research and development work.

b. Absorption of Technology

The Company has not absorbed any technology.

C. Foreign Exchange Earning and Outgo:

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

Expenditure – Rs 144,554,246/-

Income – Rs 147,997,735/-

AUDITORS

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

DIRECTORS RESPONSIBILITY STATEMENT

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Sd/
Sanjay S. Lalbhai
Director

Sd/-
Jayesh K. Shah
Director

Place: Ahmedabad
Date: 20th May 2011



AUDITORS' REPORT

TO THE MEMBERS OF ARVIND LIFESTYLE BRANDS LIMITED

1. We have audited the attached Balance Sheet of **ARVIND LIFESTYLE BRANDS LIMITED** ("the Company"), as at March 31, 2011, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 ("Order") issued by the Central Government of India in terms of sub - section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;

SORAB S. ENGINEER & CO. (Regd.)

- v) On the basis of written representations received from the directors, as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- (b) In the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
- (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

24/5
Ahmedabad

20.05.2011

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ANNEXURE TO THE AUDITORS' REPORT

Re: ARVIND LIFESTYLE BRANDS LIMITED

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

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

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SORAB S. ENGINEER & CO. (Regd.)

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

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

- (b) There are no undisputed amounts outstanding as at March 31, 2011 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, 2011 on account of any dispute :

Nature of the Statute	Nature of the dues	Amount Rs.	Period to which the amount relates	Forum where matter is pending
Sales Tax Act	Sales Tax	2,425,111	2001-2002	Reference with High Court
		140,000	2002-2003	Appellate Tribunal
		624,751	2005-2006	Additional Commissioner
Central Excise Act	Excise Duty	3,895,856	2002-2003, 2003-2004	Reference with High Court
		158000	2006-2007	Commissioner of Central Excise
		100,000	2006-2007	CESTAT
Textile Committee	Textile Committee Cess	1,094,000	2006-2007	CESTAT

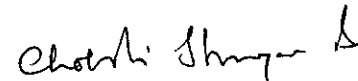
- (x) The Company has neither any accumulated losses nor has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Consequently, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Consequently, the provisions of clause (xiv) of paragraph 4 of the order are not applicable.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not given any guarantee for loans taken by others from banks or financial Institutions. Consequently, the provisions of clause (xv) of paragraph 4 of the order are not applicable.

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SORAB S. ENGINEER & CO. (Regd.)

- (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. Chokshi Shreyas B.
Partner
Membership No. 100892


Ahmedabad

26-05-2011

26-05-2011

BALANCE SHEET AS AT 31ST MARCH 2011

(Amount in Rs)

PARTICULARS	SCH	31-Mar-11	31-Mar-10
SOURCES OF FUNDS			
SHAREHOLDER'S' FUNDS			
Share Capital	1	200,501,000	200,501,000
Reserves and Surplus	2	1,323,824,820	1,221,461,812
		1,524,325,820	1,421,962,812
LOAN FUNDS			
Secured Loans	3	1,005,483,863	583,473,190
Unsecured Loans	4	53,795,309	50,072,431
		1,059,279,172	633,545,621
DEFERRED TAX LIABILITY (Note No. 16)		59,573,325	-
TOTAL		2,643,178,317	2,055,508,433
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	5	1,434,297,349	1,187,168,696
Less: Depreciation		213,309,675	99,342,380
Net Block		1,220,987,674	1,087,826,316
Capital work in progress (including Capital Advances)		12,894,325	9,421,695
		1,233,881,999	1,097,248,011
INVESTMENTS			
	6	154,200	154,200
DEFERRED TAX ASSET (Note No. 16)		-	13,179,916
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	1,361,727,978	639,773,055
Sundry Debtors	8	1,195,101,181	589,153,906
Cash and Bank Balances	9	57,795,131	39,921,969
Loans and Advances	10	722,071,711	468,100,402
		3,336,696,001	1,736,949,332
Less: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	11	1,898,413,377	786,548,367
Provisions		29,140,506	5,474,659
		1,927,553,883	792,023,026
Net Current Assets		1,409,142,118	944,926,306
NOTES FORMING PART OF ACCOUNTS			
TOTAL		2,643,178,317	2,055,508,433

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

CS
Chokshi Shreyas B.
CA. Chokshi Shreyas B.
Partner
Ahmedabad
20-05-2011

Sorab S. Engineer
Director

Shreyas B. Chokshi
Director

Director

Director

Company Secretary

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31ST MARCH 2011

(Amount in Rs)

PARTICULARS	SCH	2010-11	2009-10
INCOME :			
Retail Turnover			
Own Merchandise		4,270,030,267	2,570,122,657
Less : Value added Tax		111,896,465	50,293,371
		4,158,133,802	2,519,829,286
Other Income	12	43,901,615	11,447,539
		4,202,035,417	2,531,276,825
EXPENDITURE:			
Raw Material Consumption		638,370,832	302,763,485
Cost of Goods Sold	13	1,402,607,769	948,056,672
Employee Cost	14	216,103,205	156,121,555
Operating and administrative Expenses	15	1,753,120,051	1,091,372,237
Interest and Finance Charges	16	122,259,274	40,752,132
Depreciation and Amortisation	5	115,254,309	100,929,834
(Increase) / Decrease in Stocks	17	(220,796,272)	(117,967,074)
PROFIT BEFORE TAX		175,116,249	9,247,984
Tax charges			
Current Tax		35,000,000	1,428,813
Deferred Tax		72,753,241	(13,179,916)
Mat Credit entitlement		(35,000,000)	-
NET PROFIT AFTER TAX		102,363,008	20,999,087
BALANCE AS PER LAST BALANCE SHEET		21,461,812	462,725
BALANCE CARRIED TO BALANCE SHEET		123,824,820	21,461,812
Earning Per Share (Note No.15) (Equity share, par value of Rs.10/- per share)			
Basic (Rs)		5.11	1.05
Diluted (Rs)		5.11	1.05

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

Chokshi Shreyas B.
CA. Chokshi Shreyas B.
Partner
Ahmedabad

20-05-2011

Laya

Director

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Director

Company Secretary

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CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2011

(Amount in Rs)

A	CASH FLOW FROM OPERATING ACTIVITIES	2010-11		2009-10	
	Net Profit for the year		175,116,249		9,247,984
	Adjustments for				
	Depreciation	115,254,309		100,929,834	
	Interest Income	(29,461,660)		(482,273)	
	Interest Expenses	93,147,868		31,883,465	
	Bad Debts Written Off	-		3,563	
	(Profit) on Sale of Fixed Assets	(663,513)	178,277,004	(107,453)	132,227,136
	Operating Profit before Working Capital Changes		353,393,253		141,475,120
	Working Capital Changes:				
	Changes in Inventories	(721,954,923)		(105,325,447)	
	Changes in Trade Receivables	(605,947,275)		(69,937,762)	
	Changes in Other Receivables	(182,071,858)		60,948,346	
	Changes in Current Liabilities	1,116,809,505		(316,267,252)	
	Net Changes in Working Capital		(393,164,551)		(430,582,115)
	Cash Generated from Operations		(39,771,298)		(289,106,995)
	Advance Tax / TDS (Net of Income Tax refund)		(15,258,720)		(1,682,704)
	Net Cash from Operating Activities		(55,030,018)		(290,789,699)
B	Cash Flow from Investing Activities				
	Purchase of Fixed Assets	(252,082,973)		(74,999,888)	
	Sale of Fixed Assets	858,189		1,026,096	
	Changes in Investments	-		(154,200)	
	Changes in Loans & Advances	(37,252,750)		(212,747,250)	
	Interest Income	29,461,660		482,273	
	Net cash flow from Investing Activities		(259,015,874)		(286,392,969)
C	Cash Flow from Financing Activities				
	Changes in Borrowings	425,733,551		629,621,823	
	Interest Paid	(93,814,497)	331,919,054	(31,207,005)	598,414,818
	Net Cash flow from Financing Activities				
	Net Increase/(Decrease) in cash & cash equivalents		17,873,162		21,232,150
	Cash & Cash equivalent at the beginning of the period		39,921,969		18,689,819
	Cash & Cash equivalent at the end of the period		57,795,131		39,921,969

Notes to Cash Flow Statement (Refer Schedule 18, Note No. 12)

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

Chokshi Shreyas B.
CA. Chokshi Shreyas B.
Partner
Ahmedabad
20-05-2011

Sorab S. Engineer

Director

Chokshi Shreyas B.

Director

Company Secretary

20-05-2011

(Amount in Rs.)

PARTICULARS	31-Mar-11	31-Mar-10
SCHEDULE '1' : SHARE CAPITAL		
Authorised Share Capital 25,000,000 Equity Shares (Previous Year 25,000,000 Equity Shares) of Rs. 10/- each	250,000,000	250,000,000
Issued,Subscribed and Paid up capital 20,050,100 Equity Shares (Previous Year 20,050,100 Equity Shares) of Rs. 10/- each fully paid up	200,501,000	200,501,000
Note: (a) Out of the above shares, 20,000,010 shares are held by Arvind Brands and Retail Limited, the holding company and its nominees (Previous year 20,050,000 shares were held by Arvind Limited, the holding company and its nominees) (b) Of the above shares, 20,000,000 Equity Shares of Rs. 10/- each were allotted as fully paid up pursuant to the Scheme of Arrangement to Arvind Limited, the ultimate holding company without payment being received in cash. (Previous year 20,000,000 Equity Shares)		
TOTAL	200,501,000	200,501,000
SCHEDULE '2' : RESERVES AND SURPLUS		
Securities Premium Account Balance as per Last Balance Sheet Add: Received during the year	1,200,000,000	-
		1,200,000,000
Balance in Profit and Loss account	123,824,820	21,461,811
TOTAL	1,323,824,820	1,221,461,811
SCHEDULE '3' : SECURED LOANS (Note No. 5)		
From Banks Cash Credit and other facilities Term Loans	847,566,707 149,956,877	583,138,600
From Others	7,960,279	334,584
TOTAL	1,005,483,863	583,473,190
SCHEDULE '4' : UNSECURED LOANS (Note No. 6)		
From Ultimate Holding Company	53,795,309	50,072,431
TOTAL	53,795,309	50,072,431

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ARVIND LIFESTYLE BRANDS LIMITED

SCHEDULE '5' : FIXED ASSETS

ASSET BLOCK	GROSS BLOCK					DEPRECIATION/AMORTISATION				NET BLOCK	
	AS AT 01.04.2010	ADDITIONS	DELETIONS	AS AT 31.03.2011	AS AT 01.04.2010	FOR THE YEAR	DELETIONS	AS AT 31.03.2011	AS AT 31.03.2010	AS AT 31.03.2011	AS AT 31.03.2010
INTANGIBLE ASSETS											
Licence Brands	640,957,210			640,957,210	25,604,922	24,069,067	-	49,673,989	591,283,221	615,352,288	
Jobworkers' Network	17,295,984			17,295,984	3,459,197	3,459,197	-	6,918,394	10,377,590	13,836,787	
Vendors' Network	62,728,346			62,728,346	12,545,669	12,545,669	-	25,091,338	37,637,008	50,182,677	
Computer Softwares	7,277,288	13,185,302		20,462,590	962,513	2,524,178	-	3,486,691	16,975,899	6,314,775	
TANGIBLE ASSETS											
Leasehold Improvements	267,464,558	105,570,883		373,035,441	28,996,318	41,935,533		70,931,951	302,103,490	238,468,240	
Plant & Machineries	34,259,293	18,029,607		52,288,900	1,790,151	2,105,479		3,895,630	48,393,270	32,469,142	
Data Processing Equipments	54,875,996	11,436,298		66,312,294	16,183,725	16,029,537		32,213,262	34,099,032	38,692,271	
Office Equipments	11,824,733	2,684,258		14,508,991	603,484	674,012		1,277,496	13,231,495	11,221,249	
Furniture & Fixtures	86,093,021	87,520,172		173,613,193	6,938,206	9,930,415		16,868,621	156,744,572	79,154,815	
Motor Vehicles	4,392,267	10,183,823	1,481,690	13,094,400	2,258,195	1,981,122	1,287,014	2,952,303	10,142,097	2,134,072	
Total	1,187,168,696	248,610,343	1,481,690	1,434,297,349	99,342,380	115,254,309	1,287,014	213,309,675	1,220,987,674	1,087,826,316	
Previous Year	9,500	1,189,667,434	2,508,238	1,187,168,696	2,141	100,929,834	1,589,555	99,342,380			
Capital Work In Progress (including Advances for Capital Expenditure)									12,894,325	9,421,695	
TOTAL									1,233,881,999	1,097,248,011	

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(Amount in Rs)

PARTICULARS	31-Mar-11	31-Mar-10
SCHEDULE '6' : "INVESTMENTS"		
Long Term - At Cost		
In Government Securities	154,200	154,200
(Lodged with Government Authorities)		
TOTAL	154,200	154,200
SCHEDULE '7' : INVENTORIES		
Inventories		
Stores, Accessories and Spares	5,431,812	3,573,464
Stock in trade		
Raw materials(Including Material in Transit)	289,215,387	129,006,518
Finished Goods	291,297,557	117,087,541
Finished Goods (Traded)	711,076,763	373,014,693
Finished Goods (Traded) Material in Transit	1,029,364	-
Work-in-Progress	63,677,095	17,090,839
TOTAL	1,361,727,978	639,773,055
SCHEDULE '8' : SUNDRY DEBTORS		
(Unsecured)		
Debts Outstanding for a period exceeding six months		
Considered good	127,515,985	39,597,996
Considered doubtful	-	-
Less:Provision for doubtful debts	-	-
Others(Considered good)	1,067,585,196	549,555,910
TOTAL	1,195,101,181	589,153,906
SCHEDULE '9' : CASH AND BANK BALANCES		
Cash on hand	196,110	56,520
Balances with Scheduled Banks		
In Current Accounts	21,061,471	26,285,305
In Exchange Earners Foreign Currency A/c	-	60,026
In Margin Money Deposit (under lien against Bank Guarantees)	36,537,550	13,520,118
TOTAL	57,795,131	39,921,969
SCHEDULE '10' : LOANS & ADVANCES		
(Unsecured, Considered good unless otherwise stated)		
Loan to Group Company	250,000,000	212,747,250
Other Loans	504,995	1,072,396
Advances recoverable in cash or in kind or for value to be received	86,939,716	48,322,691
MAT Entitlement Credit	35,000,000	-
Premises and other Deposits	273,243,509	166,632,866
Prepayments	34,536,583	24,728,363
Income Taxes Paid (Net of Provision of Rs. Nil; Previous Year Rs. 1,534,813)	-	353,298
Other Receivables	41,846,908	14,243,538
TOTAL	722,071,711	468,100,402
SCHEDULE '11' : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	398,274,980	2,434,594
Sundry Creditors		
Other than Micro Enterprises & Small Enterprises (Note No.10)	864,455,601	424,260,739
Security Deposits	54,805,403	33,895,436
Other liabilities	580,867,562	325,281,138
Interest Accrued but not due	9,831	676,460
	1,898,413,377	786,548,367
Provisions		
For Leave Encashment	5,926,792	4,202,400
For Gratuity	3,751,407	708,044
For Superannuation	74,325	564,215
For Income Tax (Net of Adance Tax of Rs. 17,146,831; Previous Year Rs. Nil)	19,387,982	-
	29,140,506	5,474,659
TOTAL	1,927,553,883	792,023,026

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(Amount in Rs)

PARTICULARS	2010-11	2009-10
SCHEDULE '12': OTHER INCOME		
Interest Income (Tax deducted at source Rs. 739,227; Previous year Rs. 13,365)	29,461,660	482,273
Foreign Exchange Gain	648,569	787,514
Commission Income (Tax deducted at source Rs. 623,463; Previous year Rs.232,847)	4,989,362	3,023,292
Profit on Sale of Fixed Assets	663,513	107,453
Miscellaneous Income and Credits (Tax deducted at source Rs. 54,031; Previous year Rs.1,641,899)	8,138,511	7,047,007
TOTAL	43,901,615	11,447,539
SCHEDULE '13': COST OF GOODS SOLD (including concession purchase)		
Opening Stock	373,014,693	-
Stock acquired under the Scheme of Arrangement	-	379,108,975
Add:Purchases	1,740,669,839	941,962,390
Less:Closing Stock	711,076,763	373,014,693
TOTAL	1,402,607,769	948,056,672
SCHEDULE '14': EMPLOYEE COSTS		
Salaries,allowance and Bonus	195,828,438	144,786,257
Contribution to Provident Fund and Other Funds	9,907,839	5,445,002
Staff Welfare Expenses	10,366,928	5,890,296
TOTAL	216,103,205	156,121,555
SCHEDULE '15': OPERATING AND ADMINISTRATIVE EXPENSES		
Power & Fuel	25,749,682	19,474,530
Insurance	2,345,286	788,909
Processing Charges	172,643,646	82,291,828
Printing, Stationary & Communication	19,203,937	13,731,241
Lease Rent and Hire charges	221,302,728	141,988,028
Commission, Brokerage and Discounts	420,037,142	308,257,515
Business Conducting Fees	2,736,960	256,025
Rates and Taxes	19,716,992	18,720,050
Repairs and Maintenance		
-Buildings	5,428,582	2,114,675
-Others	27,653,717	14,483,399
Royalty on Sales	138,986,080	80,622,249
Freight, Insurance and Clearing Charges	40,243,168	26,142,612
Octroi	33,012,883	17,662,789
Excise duty borne by Company	13,005,565	-
Legal and Professional Fees	5,498,778	4,348,578
Housekeeping Charges	6,061,463	3,252,790
Security Charges	8,178,282	5,274,669
Computer Expenses	4,723,098	5,382,254
Conveyance and Travelling Expenses	40,694,055	26,195,357
Advertisement and Publicity	291,965,542	165,480,308
Design Fees	10,838,067	13,533,910
Sales Promotion	9,280,343	8,100,662
Charges for Credit Card Transactions	7,714,118	5,082,235
Packing Materials	28,118,212	21,899,925
Contract Labour cost	139,522,317	66,951,782
Bad Debts Written Off	-	3,563
Sampling and Testing Expenses	26,066,248	22,168,622
Miscellaneous Expenses	32,393,160	17,163,732
TOTAL	1,753,120,051	1,091,372,237
SCHEDULE '16': INTEREST AND FINANCE CHARGES		
Interest		
On Cash Credit & Other Facilities	57,717,884	29,023,613
On Term Loans	6,202,626	-
Others	29,227,358	2,859,852
Other Finance Charges	29,111,406	8,868,667
TOTAL	122,259,274	40,752,132
SCHEDULE '17': (INCREASE)/DECREASE IN STOCKS		
Finished goods and Work-in-Progress		
Closing Stocks	354,974,652	134,178,380
opening Stocks	134,178,380	16,211,306
(Increase)/Decrease in Stocks	(220,796,272)	(117,967,074)

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

Arvind Lifestyle Brands Ltd (ALBL) is engaged in the business of retailing Apparels. ALBL is the pioneers of Apparel Value retailing business in India. With close to 220 stores panning the length and breadth of the country, ALBL showcases some of the best known international brands, the likes of ARROW, GANT, U. S. POLO, IZOD apart from our very own FLYING MACHINE.

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

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

(B) USE OF ESTIMATES

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

(C) INFLATION

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

(D) REVENUE RECOGNITION

Sales are recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Sales are stated net of returns, discount, sales tax/VAT. Export incentives are accounted on accrual basis at the time of export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

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

(E) VALUATION OF INVENTORY

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

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(F) FIXED ASSETS & DEPRECIATION/AMORTISATION**Tangible Assets**

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

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

Intangible Assets

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

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

Depreciation on Tangible Assets

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

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

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

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

Amortisation of Intangible Assets

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

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

(G) IMPAIRMENT OF ASSETS

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

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(H) INVESTMENTS

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

(I) FOREIGN CURRENCY TRANSACTIONS

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

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

(J) RETIREMENT BENEFITS

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

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

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

(K) BORROWING COST

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

(L) LEASE ACCOUNTING

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

(M) TAXES ON INCOME

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

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Minimum Alternate Tax Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax within the specified period.

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

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

(N) EARNING PER SHARE

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

(O) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

3. CONTINGENT LIABILITIES

- (a) Claims against the Company not acknowledged as Debt Rs. 20,226,443 (Rs.14,102,143)
 - (b) Demands in dispute: Excise Duty Rs. 4,153,856 (Rs. 4,153,856); Sales Tax Rs.13,092,239 (Rs.13,092,239); Textile Committee Cess Rs. 1,094,000 (Rs.1,094,000).
4. The estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 32,402,189 (Rs.33,758,079)

5. SECURED LOANS

Secured Loans of Rs. 100,54,83,863 from Banks and Others stand secured as under:

From Banks:

- (a) Term Loan amounting to Rs. 149,956,877 is secured by way of first charge over all fixed Assets of the Company located at stores / offices and other places and second charge over inventories, consumable stores and spares, outstanding monies receivable and other current assets both present and future. This loan is additionally secured by Corporate Guarantee given by the ultimate holding company.

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(b) Cash Credit amounting to Rs. 84,75,66,707 are secured by way of hypothecation of inventories, consumable stores and spares, outstanding monies receivable and other current assets both present and future and a second charge on all fixed Assets of the Company located at stores / offices and other places. These loans are additionally secured by Corporate Guarantee given by the ultimate holding company.

From others:

(a) Loans of Rs. 7,960,279 are secured by hypothecation of related vehicles.

6. UNSERCURED LOANS

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

7. Impairment of Fixed Assets

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

8. Employee Benefits

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

(i) Defined Contribution Plans

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

(Amount Rs.)

Particulars	2010-2011	2009-2010
Provident Fund	3,975,106	2,496,079
Superannuation Fund	581,266	814,510

(ii) State Plans

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

(Amount Rs.)

Particulars	2010-2011	2009-2010
Employee's State Insurance	180,310	98,188
Employee's Pension Scheme	1,871,463	1,346,893

(iii) Defined Benefit Plans

(a) Leave Encashment/Compensated Absences

Salary, Allowances and Bonus includes Rs. 3,029,330 (Rs 1,509,931) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

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(b) Contribution to Gratuity Funds

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

(Amount Rs.)

Particulars	2010-11	2009-2010
Change in the Benefit Obligations :		
Liability at the beginning of the year	3,533,458	4,323,218
Interest Cost	199,040	213,578
Current Service Cost	3,252,952	1,206,435
Benefits Paid	(524,368)	(980,832)
Actuarial Gain	(38,725)	(1,228,941)
Liability at the end of the year	6,422,357	3,533,458
Fair Value of Plan Assets :		
Fair Value of Plan Assets at the beginning of the year	2,825,414	1,311,067
Expected Return on Plan Assets	240,160	207,456
Contributions	250,000	2,475,666
Benefits Paid	(524,368)	(980,832)
Actuarial gain/(loss) on Plan Assets	(120,256)	(187,943)
Fair Value on Plan Assets at the end of the year	2,670,950	2,825,414
Total Actuarial gain to be recognized	(81,531)	(1,040,998)
Actual Return on Plan Assets :		
Expected Return on Plan Assets	240,160	207,456
Actuarial gain/(loss) on Plan Assets	(120,256)	(187,943)
Actual Return on Plan Assets	119,904	19,513
Amount Recognized in the Balance Sheet :		
Liability at the end of the year	6,422,357	3,533,458
Fair Value of Plan Assets at the end of the year	2,670,950	2,825,414
Amount recognized in the Balance Sheet under " Provision for Retirement Benefit "	3,751,407	708,044
Expense Recognized in the Profit and Loss Account :		
Interest Cost	199,040	213,578
Current Service Cost	3,252,952	1,206,435
Expected Return on Plan Assets	(240,160)	(207,456)
Net Actuarial gain to be recognized	81,531	(1,040,998)
Expense recognized in the Profit and Loss Account under "Employee Emoluments"	3,293,363	171,559
Reconciliation of the Liability Recognized in the Balance Sheet :		
Opening Net Liability	708,044	3,012,151
Expense Recognized	3,293,363	171,559
Contribution by the Company	250,000	2,475,666
Amount recognized in the Balance Sheet under " Provision for Retirement Benefits "	3,751,407	708,044

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

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Principal Assumptions:

Particulars	Current Year (%)	Previous Year (%)
Discount Rate	8	8
Return on Plan Assets	8.65	8.5

9. Lease Rent:

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

The particulars of these leases are as follows:

(Amount Rs.)

Particulars	2010-11	2009-10
Future Minimum lease payments obligation on non-cancellable operating leases :		
Not later than one year	125,403,256	37,778,058
Later than one year and not later than five years	121,667,157	1,460,748
Later than five years	0	0
Lease Payment recognised in Profit & Loss Account	221,302,728	141,988,028

10. Micro & Small Enterprises Dues

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

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

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

11. Auditors' Remuneration:

(Included in Miscellaneous Expenses)

(Amount Rs.)

	2010-2011	2009-2010
- As Auditors	1,000,000	1,000,000
- In Other Capacity		
Tax Audit Matters	2,25,000	0
Other Certification Work	35,000	0
- Out of Pocket Expenses	24,881	0

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12. Notes to Cash Flow Statement:

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard on "Cash Flow Statements" (AS 3) notified by Companies (Accounting Standards) Rule, 2006.
2. Figures in bracket represent outflow of cash.
3. Cash and Cash Equivalents include Rs. 36,537,550 (Rs. 13,520,118) not available for use by the Company.

13. Segment Reporting:

The company is primarily engaged in the business of retail trade through retail and departmental store facilities, which in the context of Accounting Standard 17 on 'Segment Reporting' notified by Companies (Accounting Standards) Rule, 2006, constitutes a single reportable primary segment.

Secondary Segment (Geographical by Customers)

(Amount Rs.)

PARTICULARS	2010-11	2009-10
Segment Revenue		
a) In India	4,010,136,067	2,421,308,621
b) Outside India	147,997,735	98,520,665
Total Sales	4,158,133,802	2,519,829,286
Carrying Cost of Assets by location of Assets		
a) In India	4,570,732,200	2,834,351,543
b) Outside India	0	0
Total	4,570,732,200	2,834,351,543
Addition to Assets		
a) In India	252,082,973	90,991,387
b) Outside India	0	0
Total	252,082,973	90,991,387

14. Related Party Disclosures:

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

List of Related Parties & Relationship:

Ultimate Holding Company (1A)	Holding Company (1B)	Fellow Subsidiaries (1C)	Key Managerial Personnel (1D)
Arvind Limited	Arvind Brands and Retail Limited	Arvind Products limited	Mr. J. Suresh (w.e.f 1 st November, 2010)
		Arvind Retail Limited	
		Asman Investment Limited	

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

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Related Party Transactions:

(Amount Rs.)

Nature of Transactions	Referred in 1(A) Above		Referred in 1(C) Above	
	2010-11	2009-10	2010-11	2009-10
Purchases				
Goods and Materials	617,087,253	205,884,405	9,261,814	8,604,609
Sales				
Goods and Materials	7,918,924	774,819	392,671,174	279,100,421
Fixed Assets	NIL	263,119	NIL	NIL
Expenses				
Rent Expenses	NIL	NIL	35,000	468,000
Remuneration & Other Services	NIL	NIL	NIL	600,000
Processing charges	2,124,187	2,152,323	NIL	NIL
Others	912,910	15,154,126	20,371,924	55,168
Income				
Rendering of Services	NIL	3,545,994	NIL	42,170,155
Others	3,071,999	1,555,839	31,528,263	13,300,921
Rent	NIL	2,269,725	NL	NIL
Finance				
Loan given / (taken) (Net)	(3,722,878)	(50,000,000)	37,252,750	212,747,250
Interest Income/(Expense)	(7,177,219)	(72,431)	26,155,578	NIL
Share Capital Issued under the scheme of Demerger	NIL	140,000,000	NIL	NIL
Outstanding :				
Receivable in respect of Current Assets	77,44,463	5,931,732	33,331,882	16,451,984
Receivable /(Payable) in respect of Loans	(53,795,309)	(50,072,431)	250,000,000	212,747,250
Payable in respect of Current Liabilities	303,607,104	94,618,190	59,992,446	19,459,582

15. Earning Per Share (EPS):

Particulars		2010-11	2009-10
Profit available to Equity Shareholder	Rs.	102,363,008	20,999,087
Weighted average no. of Equity Shares for Basic/Diluted EPS	No.	20,050,100	20,050,100
Nominal value of Equity Shares	Rs.	10	10
Basic / Diluted Earning per Equity Share	Rs.	5.11	1.05

16. Deferred Tax

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

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(Amount Rs.)

PARTICULARS	2011	2010
Fixed Assets	(82,989,361)	(45,355,567)
Expenditure allowable on payment basis	4,838,735	360,140
Unabsorbed loss / Depreciation	17,763,833	58,175,343
Others	813,468	0
Net Deferred Tax (Liability)/Asset	(59,573,325)	13,179,916

17. Sundry Debtors, Sundry Creditors and Loans and Advances include certain accounts which are subject to confirmation/reconciliation and consequential adjustments if any, the effect of which is not ascertainable.

18. **Provision for Disputed Matters**

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

(Amount Rs.)

Particulars	31.03.2011	31.03.2010
Opening Balance/ Balance acquired under the Scheme of Arrangement	28,124,552	28,124,552
Add : Provision made	0	0
Less : Provision reversed	0	0
Closing Balance	28,124,552	28,124,552

19. **Unhedged Foreign Currency Exposure:**

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

PARTICULARS	MAR'11		MAR'10	
	INR	FC	INR	FC
Payable towards royalty	39,610,752 2,171,217	\$ 888,233 SEK 305,913	32,910,440 753,535	\$ 734,280 SEK122,926
Payable for purchase of merchandise	5,885,836 3,258,556	\$ 131,984 EUR 51,411	3,392,958	\$ 75,567
Receivable on sale of Merchandise	41,950,567	\$ 940,701	12,458,358	\$ 277,469

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

Class of Goods	Unit of Quantity	2010-11		2009-10	
		Quantity *	Amount Rs.	Quantity	Amount Rs.
(A) Garments : Garments *	Nos.	5,074,317	4,144,063,629	3,535,267	2,501,433,877
(B) Misc Sales			140,70,173		18,395,409
TOTAL SALES			4,158,133,802		2,519,829,286

*After adjusting shortages/excess, if any.

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21. Break up of Raw Materials Consumed :

Item	Unit of Quantity	2010-11		2009-10	
		Quantity	Amount Rs.	Quantity	Amount Rs.
Fabric *	Meters	3,003,128	499,520,319	1,543,200	249,373,359
Others			138,850,513		53,390,126
TOTAL			638,370,832		302,763,485

Notes:

1. In view of large number of items, individually costing less than 10% of the total consumption, quantitative details have not been given.
2. The value of raw material consumed is net of sales of Rs. 412,292,613 (Rs. 282,534,294)

22. Breakup of Purchases of Finished Goods:

Particulars		2010-11		2009-10	
Item	Unit of Qty	Quantity	Amount Rs.	Quantity	Amount Rs.
Garments	Nos.	44,89,474	1,740,669,839	2,554,245	941,962,390
Total		44,89,474	1,740,669,839	2,554,245	941,962,390

23. Breakup of Finished Goods Stock:

Item	Unit of Quantity	2010-11		2009-10	
		Quantity	Amount Rs.	Quantity	Amount Rs.
Opening Stocks :					
Garments:					
Garments	Nos.	1,383,279	490,102,234	1,485,744	379,108,975
TOTAL		1,383,279	490,102,234	1,485,744	379,108,975

24. Breakup of Finished Goods Stock:

Item	Unit of Quantity	2010-11		2009-10	
		Quantity	Amount Rs.	Quantity	Amount Rs.
Closing Stocks :					
Garments:					
Garments	Nos.	2536029	1,002,374,320	1,383,279	490,102,234
TOTAL		2536029	1,002,374,320	1,383,279	490,102,234

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25. Actual Production:

Class of Goods	Unit of Quantity	2010-11	2009-10
Garments*	Nos.	1,737,593	878,557

* Garments produced outside the Company by Job workers.

26. Installed Capacity:

Particulars	2010-11	2009-10
Garments (Pcs.)	2,000,000	1,000,000

Notes:

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

27. C.I.F value of Imports:

(Amount Rs.)

Particulars	2010-11	2009-10
(a) Raw Materials	5,016,339	13,350,207
(b) Accessories	16,206,224	9,319,335
(c) Finished Goods	44,963,336	9,912,546

28. Expenditure in Foreign Currency:

(Amount Rs.)

Nature of Expenses	2010-11	2009-10
(a) Advertisement and Sales Promotion Expenses	23,254,664	4,412,268
(b) Design Fees	4,766,425	10,800,528
(c) Professional & Consultant fee	137,297	224,910
(d) Rent	15,337,849	15,859,825
(e) Royalty (Net of Tax)	96,791,809	62,715,093
(f) Travel	4,048,091	0
(g) Other Matters	218,111	0

29. Consumption of Imported Raw Materials and Spares:

(Amount Rs.)

	2010-11		2009-10	
	Raw materials	Spares	Raw materials	Spares
Imported	4,922,736	NIL	1,988,597	NIL
	0.77%	NIL	0.66%	NIL
Indigenous	633,448,096	NIL	300,774,888	NIL
	99.23%	NIL	99.34%	NIL
Total	638,370,832	NIL	302,763,485	NIL
	100%	NIL	100%	NIL

30. Earning in foreign exchange:

(Amount Rs.)

Particulars	2010-11	2009-10
Export of goods on FOB basis	147,997,735	98,520,665

31. Previous year's figures are shown in brackets and are regrouped or recast wherever necessary.

Signatures to Schedules 1 to 18

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

Chokshi Shreyas B.

CA.Chokshi Shreyas B.
Partner

Ahmedabad

20-05-2011

[Signature]

Director

[Signature]

Director

Company Secretary

DA B