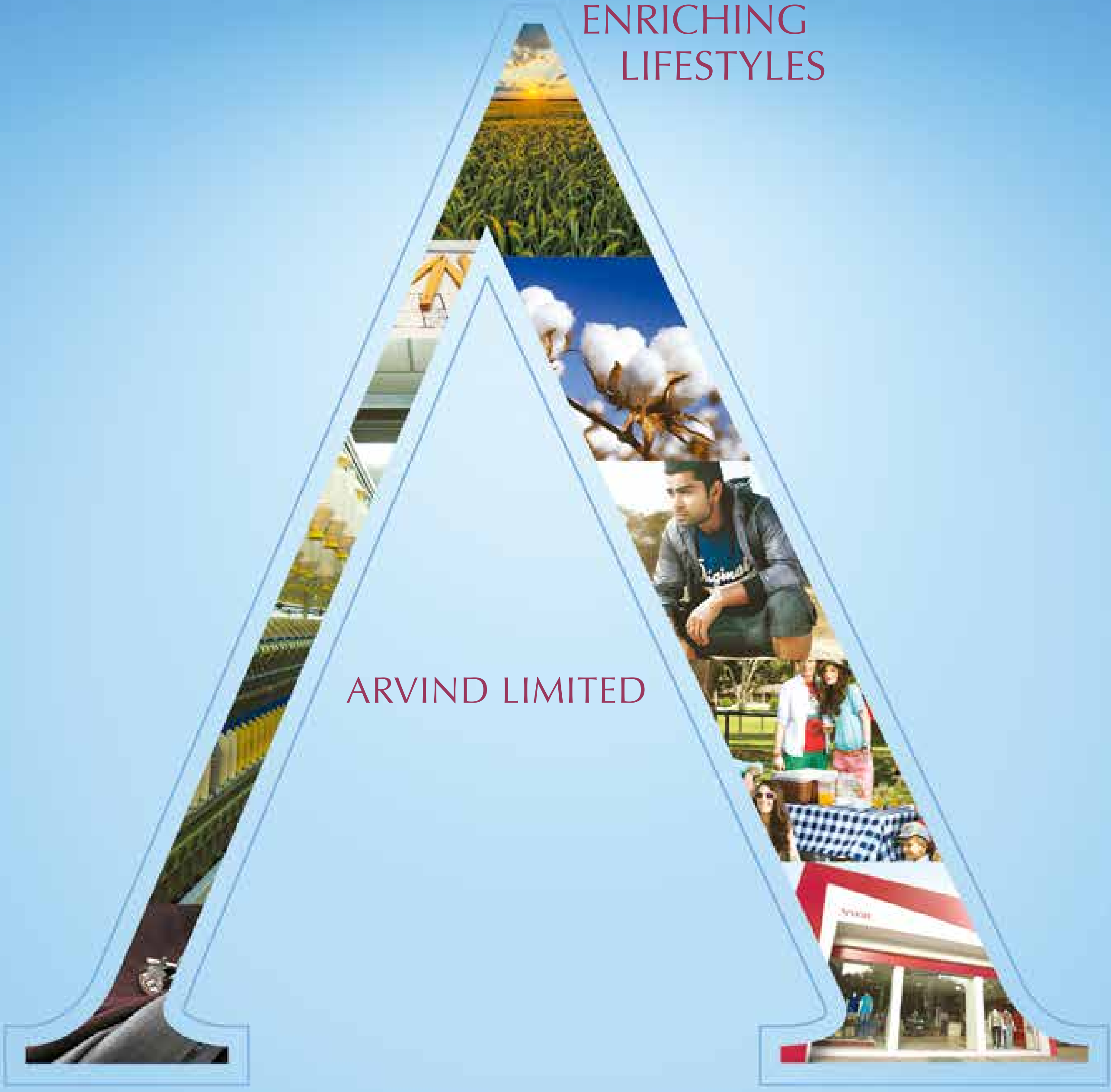
# ENRICHING LIFESTYLES



# ARVIND LIMITED

82nd ANNUAL REPORT 2012-2013

## Directors

| | |
|---|---|
| Mr. Sanjay S. Lalbhai | Chairman & Managing Director |
| Mr. Punit S. Lalbhai | Executive Director |
| Mr. Kulin S. Lalbhai | Executive Director |
| Mr. Jayesh K. Shah | Director & Chief Financial Officer |
| Mr. Sudhir Mehta | |
| Dr. Bakul Dholakia | |
| Mr. Munesh Khanna | |
| Ms. Renuka Ramnath | |
| 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.

## CONTENTS



## 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

Arvind

# NOTICE

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Monday, the 29th July, 2013 at 9:30 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, 2013 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 Dr. Bakul Dholakia, 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 Ms. Renuka Ramnath, who retires by rotation in terms of Article 129 of the Articles of Association of the Company and being eligible, offers herself 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.

Registered Office:
Naroda Road
Ahmedabad-380025

By Order of the Board

SANJAY S. LALBHAI
CHAIRMAN & MANAGING DIRECTOR

Date: 16th May, 2013

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**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.
2. 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.
3. 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.
4. Members 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.
5. The members, holding shares in physical form, are requested to intimate any change in their addresses or bank details to the Company or its Registrar and Transfer Agent (RTA) viz. Sharepro Services (India) Pvt. Ltd., Unit: Arvind Limited, 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006. Those holding shares in dematerialized form may intimate any change in their addresses or bank details / mandates to their Depository Participants (DP) immediately. Members holding shares in dematerialized form may note that bank details registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its RTA can not act on any request directly received from any member holding shares in dematerialized form for any change in such details. Such changes are to be advised only to the DP of the members.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 22nd July, 2013 to Monday, the 29th July, 2013 (both days inclusive).
7. The dividend on equity shares for the year 31st March, 2013, if declared at the meeting, will be paid / dispatched on due date to those members whose names appear on the Company's Register of Members on 29th July, 2013 or on records of National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on 22nd July,2013.
8. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends up to the financial year ended 31st March, 1998 and for the financial year 2004-05 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. Unclaimed and unpaid dividend for the financial year 2005-06 will be transferred to this fund in the month of November, 2013. Those members who have so far not encashed their dividend warrants for the financial year 2005-06 are requested to approach the Company or RTA for payment thereof. Kindly note that once unclaimed and unpaid dividend is transferred to the Investor Education and Protection Fund, members will not be entitled to claim such dividend.
9. The Annual Report of the Company for the year ended 31st March, 2013 is uploaded on the Company's website www.arvind.com and may be accessed by the members.

Registered Office:
Naroda Road
Ahmedabad-380 025

By Order of the Board

SANJAY S. LALBHAI
CHAIRMAN & MANAGING DIRECTOR

Date : 16th May, 2013

# 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, 2012 to 31st March, 2013.

## 1. FINANCIAL RESULTS

Highlights of Financial Results for the year are as under:

₹ in Crores

| | **2012-2013** | 2011-2012 |
|---|---|---|
| Turnover & Operating Income | **3780.29** | 3494.12 |
| **Profit before Finance Costs, Depreciation and Amortisation Expenses, Extraordinary Items & Tax Expenses** | **680.15** | 637.05 |
| Less : Finance costs | **268.44** | 270.25 |
| **Profit before Depreciation and Amortisation Expenses, Extraordinary Items & Tax Expenses** | **411.71** | 366.80 |
| Less : Depreciation and Amortisation Expenses | **150.49** | 130.51 |
| **Profit before Extraordinary Items and Tax Expenses** | **261.22** | 236.29 |
| Add : Extraordinary Items | **0.00** | 251.80 |
| **Profit Before Tax** | **261.22** | 488.09 |
| Less : Current Tax | **53.79** | 85.15 |
| Add: MAT Credit Entitlement | **(53.79)** | (31.29) |
| **Profit for the year** | **261.22** | 434.23 |
| Balance of Profit brought forward | **799.67** | 450.12 |
| Add : Profit of Amalgamated Company | **0.00** | 1.62 |
| Less: Amount transferred to Statement of Profit and Loss on account of Amalgamation | **0.00** | 56.31 |
| **Balance available for appropriation** | **1060.89** | 829.66 |
| Less : Appropriation : | | |
| Transfer to General Reserve | **20.00** | NIL |
| Proposed Dividend on Equity Shares | **42.58** | 25.80 |
| Tax on Dividend | **7.24** | 4.19 |
| **Closing Balance** | **991.07** | 799.67 |

## 2. OPERATIONS

The macroeconomic environment posed many challenges for the company during the year under review. On domestic front, stagnant economy, high inflation and higher interest rates dampened the consumer sentiments. On global front Euro Zone continued to be in turmoil. On the top of challenging macroeconomic scenario, our company witnessed unprecedented event of strike at two of its manufacturing plants in the month of June, 2012 leading to loss of production. It is heartening to note that despite such a challenging environment, our Company has closed the financial year 2012-13 with 8% growth in sales and 7% growth in Operating Earnings before Interest, Depreciation and Taxes. (Operating EBITDA). PAT (excluding Exceptional Income) has shown a growth of 11% compared to the previous year.

The growth in revenue was mainly led by woven fabric division which registered growth of 28% in volume and 30% in revenue. The Operational Excellence Drive to improve the productivity has resulted into higher operating margins for woven business. While denim fabric volume was lower by 7% on account of loss of production during strike period, it has maintained its profitability under highly competitive market scenario. Denim Business continues with its strategy of improving product and customer mix so as to achieve higher contribution per meter.

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

## 3. DIVIDEND

Your Directors are pleased to recommend a dividend of ₹ 1.65 per equity share of ₹10 each.

## 4. FINANCE

The Company has repaid the installments of Term Loans amounting to ₹ 195 crores during the current year.

The Company has also made fresh borrowings of ₹ 434 Crores for funding capital expenditure and other requirements. Long Term Debt of the Company stands to ₹ 1104 crores as on 31st March, 2013.

## 5. EMOLOYEE 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.

## 7. DIRECTORS

Mr. G.M.Yadwadkar, a Nominee Director of IDBI Bank Ltd. has ceased to be a Director with effect from 1st August, 2012 due to withdrawal of his nomination by IDBI Bank Ltd. The Board places on record its deep sense of appreciation for the valuable services rendered by Mr. G.M.Yadwadkar during his tenure as Director.

Mr. Punit Lalbhai and Mr. Kulin Lalbhai were appointed as Additional Directors of the Company with effect from 26th July, 2012. They were also appointed as Executive Directors of the Company for a period commencing from 1st August, 2012 to 31st July, 2017.

At the ensuing Annual General Meeting, Dr. Bakul Dholakia and Ms. Renuka Ramnath, 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, 2013 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, 2013 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, 2013.

## 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 etc. and vendors, investors, business associates, Government of India and State Government and various departments and agencies 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: 16th May, 2013
Place: Ahmedabad.

Sanjay S. Lalbhai
Chairman and 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 - ESOS 2008 Tranche-II | 2,00,000 options |
| 2 | Pricing Formula | Market Price as defined under SEBI guidelines. |
| 3 | Number of Options vested | 66,660 |
| 4 | Number of Options exercised | NIL |
| 5 | Total number of shares arising out of exercise of Options | NIL |
| 6 | Number of Options lapsed | NIL |
| 7 | Variation in the terms of the Options | No variations made. |
| 8 | Money realized by exercise of Options | NIL |
| 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 | Nil |
| 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 | ₹ 10.11 |
| 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.<br>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 ₹ 23.00 lacs and the profits would have been lesser by ₹ 23.00 lacs.<br>Basic and diluted EPS would have reduced to ₹ 10.12 and ₹ 10.11 respectively. |
| 13a | Weighted average exercise prices for options whose exercise price –<br>i. equals market price<br>ii. exceeds market price<br>iii. is less than market price | <br>₹ 73.70<br>Nil<br>Nil |
| 13b | Weighted fair values for options whose exercise price –<br>i. equals market price<br>ii. exceeds market price<br>iii. is less than market price | <br>₹ 38.18<br>Nil<br>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: –<br>i. risk free rate<br>ii. expected life<br>iii. expected volatility<br>iv. expected dividends and<br>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 –<br>7.57%<br>4.01 years<br>62.46%<br>0.00%<br>₹ 73.70 |

# CORPORATE GOVERNANCE REPORT

**COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Corporate governance at Arvind is a value-based framework to manage our Company affairs in a fair and transparent manner. As a responsible corporation, we use this framework to maintain accountability in all our affairs and employ democratic and open processes. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

Our corporate governance philosophy is based on the following principles :

- Satisfy the spirit of the law and not just the letter of the law. Corporate governance standards should go beyond the law.
- Be transparent and maintain a high degree of disclosure levels. When in doubt, disclose.
- Make a clear distinction between personal conveniences and corporate resources.
- Communicate externally, in a truthful manner, about how the Company is run internally.
- Have a simple and transparent corporate structure driven solely by business needs.
- The Management is the trustee of the shareholders' capital and not the owner.

The Board of Directors ('the Board') is at the core of our corporate governance practice and oversees how the Management serves and protects the long-term interests of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance. The majority of our Board, 5 out of 9, are independent members. Given below is the report on Corporate Governance at Arvind.

**BOARD OF DIRECTORS**

**Composition of the Board**

The Board has 9 Directors, comprising of 1 Chairman and Managing Director, 3 Executive Directors viz. 1 Director and Chief Financial Officer and 2 Executive Directors and 5 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, 2013:

| 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 | 6 | - |
| 2 | Mr. Jayesh K. Shah | Executive-Director and Chief Financial Officer | 8 | - |
| 3 | Mr. Punit S. Lalbhai* | Executive-Director | 1 | - |
| 4 | Mr. Kulin S. Lalbhai** | Executive-Director | - | - |
| 5 | Mr. Sudhir Mehta | Non-executive-Independent Director | 4 | 2 as Chairman and 1 as Member |
| 6 | Dr. Bakul Dholakia | Non-executive-Independent Director | 2 | 4 as Chairman |
| 7 | Mr. Prabhakar Dalal | Non-executive-Independent & Nominee Director of EXIM Bank of India | 2 | - |
| 8 | Mr. Munesh Khanna | Non-executive-Independent Director | 2 | 1 as Member |
| 9 | Ms. Renuka Ramnath | Non-executive-Independent Director | 3 | - |
| 10 | Mr. G. M. Yadwadkar+ | Non-executive-Independent & Nominee Director of IDBI Bank Ltd. | - | - |

* Mr. Punit S. Lalbhai has been appointed as an Executive Director w. e. f. 26th July, 2012.

** Mr. Kulin S. Lalbhai has been appointed as an Executive Director w. e. f. 26th July, 2012.

+ Mr. G. M. Yadwadkar a Nominee Director of IDBI Bank Ltd. has ceased to be a Director w. e. f. 1st August, 2012.

**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 4 times on 9th May, 2012, 26th July, 2012, 23rd October, 2012 & 30th January, 2013. 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 | 4 | 4 | Yes |
| 2 | Mr. Jayesh K. Shah | 4 | 4 | Yes |
| 3 | Mr. Punit S. Lalbhai* | 3 | 1 | Yes |
| 4 | Mr. Kulin S. Lalbhai** | 3 | 3 | Yes |
| 5 | Mr. Sudhir Mehta | 4 | 3 | Yes |
| 6 | Dr. Bakul Dholakia | 4 | 4 | Yes |
| 7 | Mr. Prabhakar Dalal | 4 | 4 | No |
| 8 | Mr. Munesh Khanna | 4 | 3 | No |
| 9 | Ms. Renuka Ramnath | 4 | 2 | No |
| 10 | Mr. G. M. Yadwadkar+ | 2 | 0 | No |

* Mr. Punit S. Lalbhai has been appointed as an Executive Director w. e. f. 26th July, 2012.

** Mr. Kulin S. Lalbhai has been appointed as an Executive Director w. e. f. 26th July, 2012.

+ Mr. G. M. Yadwadkar a Nominee Director of IDBI Bank Ltd. has ceased to be a Director w. e. f. 1st August, 2012.

**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 3 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 9th May, 2012, 26th July, 2012, 23rd October, 2012 & 30th January, 2013. The Attendance of Members at meetings was as under:

| Sr. No. | Name | Position | Number of Meetings held during the period when the Member was on the Board | Number of Meetings attended |
|---|---|---|---|---|
| 1 | Mr. Munesh Khanna | Chairman | 4 | 3 |
| 2 | Mr. Prabhakar Dalal* | Member | 4 | 4 |
| 3 | Mr. G. M. Yadwadkar+ | Member | 2 | 0 |
| 4 | Dr. Bakul Dholakia | Member | 4 | 4 |

* On 23rd October, 2012 the Board of Director of the Company has appointed Mr. Prabhakar Dalal as a chairman of the Audit Committee because of in absence of Mr. Munesh Khanna

+ Mr. G. M. Yadwadkar a Nominee Director of IDBI Bank Ltd. has ceased to be a Director w. e. f. 1st August, 2012.

**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 twice 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, 2 Meetings was held on 9th May, 2012 & 26th July, 2012. The Attendance of Members at meeting was as under:

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

+ On 26th July, 2012 the Board of Director of the Company has appointed Mr. Munesh Khanna as a chairman of the Remuneration Committee because of in absence of Mr. Sudhir Mehta.

**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 9th May, 2012 and shareholders at their Annual General Meeting held on 28th September, 2012 have approved remuneration payable to Mr. Sanjay S. Lalbhai, Chairman and Managing Director of the Company for a period from 1st January, 2013 to 31st March, 2017. 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 of 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 Committee and the Board of Directors at their respective meetings held on 26th July, 2012 and shareholders at their Annual General Meeting held on 28th September, 2012 have approved remuneration payable to Mr. Punit S. Lalbhai, and Mr. Kulin S. Lalbhai - Executive Directors of the Company for a period of five years from 1st August, 2012 to 31st July, 2017. The Company has entered into an agreement with them laying down their 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 2012-13 as under:

| Sr. No. | Name of Director | Salary ₹ | Perquisites & Allowances ₹ | Sitting Fees ₹ | Commission/ Bonus ₹ |
|---|---|---|---|---|---|
| 1 | Mr. Sanjay S. Lalbhai | 7500000 | 29544032 | - | 10000000 |
| 2 | Mr. Jayesh K. Shah | 4761000 | 21548924 | - | 4000000 |
| 3 | Mr. Punit S. Lalbhai* | 1000000 | 4783681 | - | - |
| 4 | Mr. Kulin S. Lalbhai** | 1000000 | 4747226 | - | - |
| 5 | Mr. Sudhir Mehta | - | - | 30000 | 500000 |
| 6 | Dr. Bakul Dholakia | - | - | 65000 | 600000 |
| 7 | Mr. Prabhakar Dalal | - | - | 40000 | 600000 |
| 8 | Mr. Munesh Khanna | - | - | 40000 | 600000 |
| 9 | Ms. Renuka Ramnath | - | - | 10000 | 400000 |
| 10 | Mr. G. M. Yadwadkar+ | - | - | - | 200000 |

Commission of ₹ 1.89 crores paid to Executive Directors during the year 2012-13 pertains to previous year.

* Mr. Punit S. Lalbhai has been appointed as an Executive Director w. e. f. 26th July, 2012.

** Mr. Kulin S. Lalbhai has been appointed as an Executive Director w. e. f. 26th July, 2012.

+ Mr. G. M. Yadwadkar a Nominee Director of IDBI Bank Ltd. has ceased to be a Director w. e. f. 1st August, 2012.

### 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:

1. 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.
2. To look into other related issues towards strengthening Investors' Relations.
3. To consider and approve issuance of Share/Debenture Certificates including Duplicate Share/ Debenture Certificates.
4. 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 26th July, 2012, 23rd October, 2012 & 30th January, 2013. The Attendance of Members at meetings was under:

| Sr. No. | Name | Position | Number of Meetings held during the year | Number 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 | 2 |
| 4 | Dr. Bakul Dholakia | Chairman | 3 | 3 |

### 4. Management Committee

The Management Committee consists of 2 Directors, all of whom are Executive Directors. The Management Committee met 20 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, 20 Management Committee Meetings were held on various dates. The Attendance of Members at meetings was as under:

| Sr. No. | Name | Position | Number of Meetings held during the year | Number of Meetings attended |
|---|---|---|---|---|
| 1 | Mr. Sanjay S. Lalbhai | Member | 20 | 20 |
| 2 | Mr. Jayesh K. Shah | Member | 20 | 20 |

**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, Dr. Bakul Dholakia and Ms. Renuka Ramnath, Directors of the Company, retire by rotation and being eligible seek re-appointment.

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

**Dr. Bakul Dholakia**

Dr. Bakul H. Dholakia is a Gold Medalist from Baroda University and he has a Doctorate in Economics. He has 41 years of professional experience including 33 years at IIM, Ahmedabad. He has been a consultant to various national and international organizations. He was awarded many awards including Padma Shri by the Government of India in recognition of his distinguished services in the field of education in 2007, Bharat Asmita National Award for his contribution to management education and teaching by the Hon'ble Chief Justice of India in 2008 etc.

In 2005, Dr. Bakul Dholakia was rated as one of the most powerful personalities of Gujarat by two separate media groups. Global Associations of Business Schools have also honoured Dr. Bakul Dholakia for his sterling contribution in the field of management education. The Global Foundation for Management Education (GFME), jointly formed by the Associations of American and European Business Schools, has nominated Dr. Bakul Dholakia as a Member of the Board of GFME representing Asia. Dr. Dholakia has been a Board Member of Reserve Bank of India, Western Area Board from 1993 to 2001. He was appointed as the Chairman of the National Board of Accreditation for Technical Education in India. Over the last two decades, Dr. Dholakia has worked on numerous government committees. He has also been a member of the Jury for various Corporate Excellence Awards and Selection Committees for CEOs. Dr. Dholakia is the author of 12 books. Currently, Dr. Dholakia is leading the educational initiatives of Adani Group.

He is holding 13,455 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 | Ashima Limited | Audit Committee<br>Remuneration Committee | Chairman<br>Chairman |
| 2 | Ashima Dyecot Limited | Audit Committee<br>Remuneration Committee | Chairman<br>Chairman |
| 3 | L&T Power I/C | - | - |

**Ms. Renuka Ramnath**

Ms. Renuka Ramnath is the Founder and Managing Director of Multiples Alternate Asset Management Pvt. Ltd. which seeks to manage circa $450 million of Indian and International capital.

In her career spanning nearly two and a half decades in the Indian financial sector, Ms. Renuka Ramnath has been involved with building several businesses from scratch in the ICICI Group which include Investment Banking, Structured Finance and e-Commerce in the 1990s and Private Equity in 2000; much before each of these terms became ubiquitous in Indian marketplace.

Ms. Renuka Ramnath led ICICI Venture to become India's largest private equity fund whilst transforming the firm from a bank's investment arm to a traditional blue-chip private equity fund managing substantial amounts of third party capital – both domestic and international. All four funds raised by her (aggregating to US$1.5 billion) have been the then largest domestic funds raised in the Indian market.

Time and again, Ms. Renuka Ramnath has demonstrated her ability to identify and conceptualize new business opportunities, create high quality teams and quickly build these businesses to scale. As a result, she has featured in many prestigious listings, including the Top 25 Most Powerful Women in Business (Business Today, India), India's most Powerful CEO's (Economic Times) and in the Top 25 Non Bank Women in Finance (US Banker's global list).

In her new avatar, Ms. Renuka Ramnath looks to bring together her tremendous experience, long-standing credibility and enormous relationships to build Multiples as a platform to channelise long-term capital to create valuable enterprises and successful entrepreneurs. She draws motivation from the fact that supporting entrepreneurs to build sustainable businesses has the potential to generate employment, to create ripple effects in the Indian economy and to facilitate the greater process of nation building.

She 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 | Multiple Alternate Asset Management Pvt. Ltd. | - | - |
| 2 | Multiples Equity Fund Trustee Private Limited | - | - |
| 3 | Shri Nath G Corporate Management Services Private Limited | - | - |
| 4 | Indian Energy Exchange Limited | - | - |
| 5 | Mogae Media Private Limited | - | - |
| 6 | PVR Limited | - | - |
| 7 | Cinemax India Limited | - | - |
| 8 | B2R Technologies Private Limited | - | - |

**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**

(i) 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. 34 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.

(ii) 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.

(iii) 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:**

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

**2. Details of Complaints / Queries received and redressed during 1st April, 2012 to 31st March, 2013:**

| Sr. No. | Particulars of Complaints / Queries | Received | Redressed | Pending as on 31.3.2013 |
|---|---|---|---|---|
| 1 | Non receipt of Share Certificates | 1 | 1 | 0 |
| 2 | Non receipt of Dividend /Interest Warrants | 32 | 32 | 0 |
| 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 | Nil | Nil | Nil |
| 6 | Others – Complaints received from SEBI, Stock Exchanges, NSDL, ROC, Company Law Board etc. | 10 | 10 | 0 |
| | Total | 43 | 43 | 0 |

**3. Share Transfer Details for the period from 1st April, 2012 to 31st March, 2013:**

| Transactions | Physical | Demat | Total |
|---|---|---|---|
| Number of Transfers | 1529 | 3630 | 5159 |
| Average Number of Transfers per month | 127 | 303 | 430 |
| Number of Shares Transferred | 59234 | 219283 | 278517 |
| Average Number of shares Transferred per month | 4936 | 18274 | 23210 |
| 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 |
|---|---|---|
| 28th September, 2012 | 10.00 a.m. | Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad-380006 |
| 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 |

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

**2011-12**

1. Appointment of Mr. Punit S. Lalbhai as Executive Director of the Company and approval of overall limit of remuneration payable to him for a period from 1st August, 2012 to 31st July, 2017.
2. Appointment of Mr. Kulin S. Lalbhai as Executive Director of the Company and approval of overall limit of remuneration payable to him for a period from 1st August, 2012 to 31st July, 2017.
3. Approval of terms of reappointment of Mr. Sanjay S. Lalbhai as Chairman and Managing Director of the Company and approval of the overall limit of remuneration payable to him for a period from 1st January, 2013 to 31st March, 2017.
4. Approval of the appointment of Mr. Darshil Shah as Manager – Business Development in Arvind Infrastructure Limited, a subsidiary of the Company under Section 314 of the Companies Act, 1956.

**2010-11**

1. 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.
2. Alteration of the Main Object Clause of Memorandum of Association of the Company so as to include the object of Real Estate Business.
3. Commencement of new business of Real Estate.
4. Further Issue of Equity Shares or Securities convertible into Equity Shares for an amount not exceeding ₹ 300 Crores.

**2009-10**

1. 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.
2. 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.

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

Details of Extra Ordinary General Meeting:

During last 3 years, there was no Extra Ordinary General Meeting held.

**6. Means of communication**

i. 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.

ii. 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.

iii. Presentations made to institutional investors/analysts are posted on the Company's web- site at www.arvind.com

**7. Annual General Meeting:**

| | |
|---|---|
| Date | 29th July, 2013 |
| Time | 9.30 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, 2013 |
| Second quarter results | : | By end of October, 2013 |
| Third quarter results | : | By end of January, 2014 |
| Fourth quarter results / Year end results | : | By end of May, 2014 |

**9. Book Closure :** Monday, the 22nd July, 2013 to Monday, the 29th July, 2013 (Both Days inclusive).

**10. Dividend payment Date :** 3rd August, 2013

**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 2013-2014 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):

| | Share price BSE | | BSE Sensex | | Volumes | Share price NSE | | NSE (NIFTY) | | Volumes |
|---|---|---|---|---|---|---|---|---|---|---|
| Month | High (₹) | Low (₹) | High | Low | No of shares | High (₹) | Low (₹) | High | Low | No of shares |
| Apr-12 | 87.65 | 80.05 | 17,664.10 | 17,010.16 | 78,28,83,908 | 87.65 | 80.15 | 5378.75 | 5154.30 | 3,13,44,419 |
| May-12 | 92.90 | 68.20 | 17,432.33 | 15,809.71 | 1,56,33,67,065 | 92.90 | 68.25 | 5279.60 | 4788.95 | 6,44,05,031 |
| Jun-12 | 77.85 | 68.10 | 17,448.48 | 15,748.98 | 56,02,52,492 | 78.00 | 68.00 | 5286.25 | 4770.35 | 3,11,53,538 |
| Jul-12 | 81.80 | 67.05 | 17,631.19 | 16,598.48 | 54,45,63,020 | 81.80 | 67.00 | 5348.55 | 5032.40 | 2,93,99,071 |
| Aug-12 | 72.95 | 59.05 | 17,972.54 | 17,026.97 | 32,53,17,543 | 73.15 | 58.90 | 5448.60 | 5164.65 | 2,08,01,570 |
| Sep-12 | 82.00 | 62.35 | 18,869.94 | 17,250.80 | 57,44,32,234 | 82.00 | 62.30 | 5735.15 | 5215.70 | 3,25,83,142 |
| Oct-12 | 84.10 | 73.25 | 19,137.29 | 18,393.42 | 65,50,84,464 | 84.15 | 73.00 | 5815.35 | 4888.20 | 3,13,46,558 |
| Nov-12 | 90.95 | 80.80 | 19,372.70 | 18,255.69 | 48,10,15,872 | 90.90 | 80.65 | 5885.25 | 5548.35 | 2,56,35,653 |
| Dec-12 | 103.50 | 88.20 | 19,612.18 | 19,149.03 | 1,02,84,19,821 | 103.45 | 88.25 | 5965.15 | 5823.15 | 4,22,81,206 |
| Jan-13 | 107.50 | 89.60 | 20,203.66 | 19,508.93 | 90,30,78,111 | 107.60 | 87.35 | 6111.80 | 5935.20 | 3,41,98,500 |
| Feb-13 | 95.70 | 73.05 | 19,966.69 | 18,793.97 | 39,43,14,184 | 95.75 | 73.30 | 6052.95 | 5671.90 | 1,66,95,295 |
| Mar-13 | 84.80 | 72.15 | 19,754.66 | 18,568.43 | 38,04,05,268 | 84.95 | 72.10 | 5971.20 | 5604.85 | 1,79,77,728 |

**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, 2013:**

| Sr. No. | Category | No. of shares held | Percentage of Shareholding |
|---|---|---|---|
| | **Holding of Promoter Group ('Group' as per MRTP Act, 1969)** | | |
| **1** | **Individuals:** | | |
| | Sanjaybhai Shrenikbhai Lalbhai | 2000152 | 0.78% |
| | Samvegbhai Arvindbhai Lalbhai | 216576 | 0.08% |
| | Shrenikbhai Kasturbhai Lalbhai | 1580 | 0.00% |
| | Relatives of above Individuals* | 127050 | 0.05% |
| **2** | **Major Bodies Corporate and Trusts:** | | |
| | Aura Securities Private Limited | 95790590 | 37.12% |
| | Sanjay Family Trust | 100 | 0.00% |
| | AML Employees' Welfare Trust | 6327317 | 2.45% |
| | 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% |
| | Adore Investments Private Limited | 132296 | 0.05% |
| | Aeon Investments Private Limited | 607531 | 0.24% |
| | Amardeep Holdings Private Limited | 94250 | 0.04% |
| | Amazon Investments Private Limited | 1792158 | 0.69% |
| | Anshuman Holdings Private Limited | 137140 | 0.05% |
| | Aayojan Investment Pvt. Ltd | 0 | 0.00% |
| | Aayojan Resources Pvt. Ltd | 84505 | 0.03% |
| | Acropolis Investment Pvt. Ltd | 440062 | 0.17% |
| | Active Investment Pvt. Ltd | 178475 | 0.07% |
| | Adhigam Investments Pvt. Ltd. | 0 | 0.00% |
| | Adhinami Investment Pvt. Ltd | 1000 | 0.00% |
| | Agrimore Limited | 110000 | 0.04% |
| | Akshita Holdings Pvt. Limited | 0 | 0.00% |
| | Alligator Investment Pvt. Ltd | 40762 | 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 | 1.60% |
| | 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 | 118500 | 0.05% |
| | **Total Promoter Group holding** | **113385520** | **43.94%** |
| 3 | Mutual Funds and UTI | 31148254 | 12.07% |
| 4 | Banks, Financial Institutions, Central/State Government & Insurance Companies | 17718817 | 6.87% |
| 5 | Foreign Institutional Investors, NRIs/OCBs, Foreign Banks | 44543754 | 17.26% |
| 6 | GDR | 454272 | 0.18% |
| 7 | Private Corporate Bodies | 5791681 | 2.24% |
| 8 | Indian Public | 44661512 | 17.31% |
| 9 | Trusts | 3364 | 0.00% |
| 10 | Clearing Members | 335895 | 0.13% |
| | **Total Non-Promoter holding** | **144657549** | **56.06%** |
| | **GRAND TOTAL** | **258043069** | **100.00%** |

* The names of 'Relatives of above Individuals' are as per disclosures made as on 31st March, 2013 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

- **Distribution of shareholding as on 31st March, 2013:**

| | PHYSICAL MODE | | ELECTRONIC MODE | | TOTAL | | TOTAL | |
|---|---|---|---|---|---|---|---|---|
| **No. of shares** | **No. of holders** | **No. of Shares** | **No. of holders** | **No. of Shares** | **No. of holders** | **%** | **No. of Shares** | **%** |
| 1-500 | 77374 | 3162325 | 121070 | 15620368 | 198444 | 93.52 | 18782693 | 7.28 |
| 501-1000 | 351 | 245217 | 7525 | 6088684 | 7876 | 3.71 | 6333901 | 2.45 |
| 1001-2000 | 107 | 143605 | 3018 | 4580746 | 3125 | 1.47 | 4724351 | 1.83 |
| 2001-3000 | 21 | 52371 | 934 | 2408672 | 955 | 0.45 | 2461043 | 0.95 |
| 3001-4000 | 9 | 32344 | 394 | 1408373 | 403 | 0.19 | 1440717 | 0.56 |
| 4001-5000 | 11 | 49877 | 387 | 1824710 | 398 | 0.18 | 1874587 | 0.73 |
| 5001-10000 | 3 | 21889 | 496 | 3639140 | 499 | 0.24 | 3661029 | 1.42 |
| 10001-20000 | 4 | 55650 | 199 | 2828419 | 203 | 0.10 | 2884069 | 1.12 |
| Above 20000 | 1 | 22318 | 296 | 215858361 | 297 | 0.14 | 215880679 | 83.66 |
| **TOTAL** | **77881** | **3785596** | **134319** | **254257473** | **212200** | **100.00** | **258043069** | **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, 2013, 25,42,57,473 shares representing 98.53%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, 2013, 4,54,272 GDRs (previous year 6, 60,226) are outstanding. Each GDR represents one underlying equity share.

**18. Plant Locations:**

- Lifestyle Fabrics–Denim, Naroda Road, Ahmedabad - 380 025, Gujarat.
- Lifestyle Fabrics – Voiles, Ankur Textiles, Outside Raipur Gate, Ahmedabad - 380 022, 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–Jeans, 26/2, 27/2 Kenchenahaili, Mysore Road, Near Bangalore University, Bangalore-560 059.
- Lifestyle Apparel–Shirts, No. 23/1, Sonnenahalli Village, Sitarampalya Cross, ITPL Road, Brookfield, Mahadevpura Post, Bangalore - 560 048.
- Arvind Intex, Raipur Road, Gomtipur, Ahmedabad - 380 021, 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 and 2004-05 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 and 2006-07 to 2010-11.

(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* |
|---|---|---|
| 2005-06 | 30th September, 2006 | 6th November, 2013 |
| 2011-12 | 28th September, 2012 | 4th November, 2019 |

* Actual dates of transfer to IEPF may vary.

Members who have so far not enchased 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.

**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<br>Secretarial Department<br>Naroda Road,<br>Ahmedabad - 380 025.<br>Phone Nos: 079-30138000/30138108-09<br>Fax No. : 079-30138668<br>e-mail : investor@arvind.com<br>Web-site address: www.arvind.com | Sharepro Services (India) Pvt. Ltd.<br>Registrars and Transfer Agents<br>416-420, 4th Floor, Devnandan Mall,<br>Opp.Sanyas Ashram, Ellisbridge, Ahmedabad-380 006<br>Contact Persons: Ms. Bharti Parikh<br>Phone Nos.: 079-26582381to 84<br>Fax No. : 079-26582385<br>e-mail : sharepro.ahmedabad@shareproservices.com |

The above Report has been placed before the Board at its meeting held on 16th May, 2013 and the same was approved.

For and on behalf of the Board

Place : Ahmedabad
Date : 16th May, 2013

**SANJAY S. LALBHAI**
Chairman & Managing Director

# Compliance of conditions of Corporate Governance

**To the Members of Arvind Limited**

We have examined the compliance of conditions of Corporate Governance by ARVIND LIMITED for the year ended on 31st March, 2013, 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
May 16, 2013

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# CEO / CFO CERTIFICATION

The Board of Directors
Arvind Limited
Ahmedabad.

**Re : Financial Statements for the year 2012-13 – 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, 2013 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, 2013 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 16, 2013

**Sanjay S. Lalbhai**
Chairman & Managing Director

**Jayesh K. Shah**
Director & CFO

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**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, 2013, 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
16th May, 2013

**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 restrain 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

The year 2012-13 in India was in many ways that of a stagnant economy – low GDP growth, steadily low industrial output, high inflation, high interest rates, depreciated currency and conservative policy reforms. However, that can still be construed as good news on two fronts: (a) It did not decline much further beyond the FY2011-12 levels and (b) that sets a low statistical base for things looking to revive in FY2013-14.

The year saw the GDP growth decline to near-5% level, the headline CPI rate stayed above 10% for good part the year, IIP growth flattened and overall sentiments weak in the business society as well as among consumers. The conflicting challenges of managing large fiscal deficits while trying to boost economic growth have seen the government and the RBI looking to push for several reforms, though there is still some way to go before those reforms are effectively implemented.

Going forward, the expectation for FY2013-14 is that of gradual revival. While some elements of economic pressures would continue to persist, the larger picture points to an improvement over the past year. A major change though, either positive or negative, is seen as unlikely within a year, especially given that the general elections are scheduled for the next year. The year is expected to be characterized by a gradual revival in the industrial output, with stable activity in the agri-sector and services. Inflation is likely to ease gradually, but the trade-off in balancing between growth and inflation could see a cautious growth oriented monetary environment. Some improvement can be expected in the CAD and the continued flows of foreign capital is expected to keep the Rupee largely stable in mid-fifties – assuming that geo-political tensions do not deteriorate and global economic conditions remain where they are, with the recovery process also being cautious. Overall, it is expected that growth will bottom in H1 2013 as domestic and foreign headwinds ease and that GDP growth could average between 5-5.5% this year before picking up to 7%+ in 2014.

However, apart from the immediate sentiments being moderate for the next year or two, the long-term India growth story – built on the rising Indian middle-class that will be both younger and richer in the years to come – continues to remain extremely strong. This is visible in the unabated commitment of several large Indian and multi-national corporations to not only sustain but aggressively build position of strength in the Indian markets.

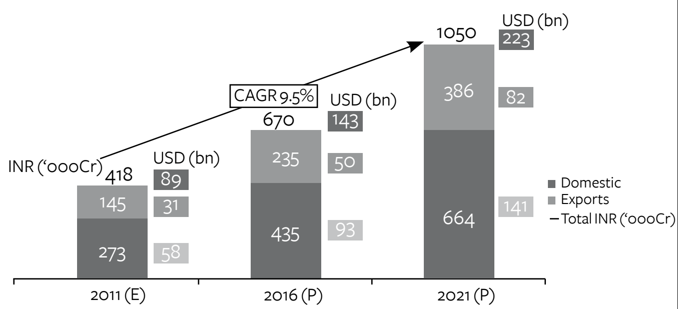
Your company also strongly believes in the long-term India growth and consumption story and is taking calculated steps to create strong businesses that would see a major pivoting once an economic upturn comes around. During the current moderate growth phase however, the strategy is to follow a cautious growth approach that strengthens the businesses fundamentally while also exploiting the current value creation opportunities.

### Indian Textile Industry

The Indian textile industry is one of the leading textile industries in the world, steadily improving in its capabilities and competitiveness vis-à-vis the other global economies. It chiefly consists of ginning, spinning, weaving and processing industries and plays a major role in the country's economy. It contributes nearly 14% of the total industrial production of the country, nearly 4% percent to the country's GDP and accounts for about 17% of its total foreign exchange earnings through textile exports. Further, it is also the second largest employer in the country, only after agriculture, currently employing more than 35 million Indians directly and almost twice as many through the allied industries.

The industry operates in several segments, including cotton textiles, silk textiles, woollen textiles, jute and coir, man-made textiles and readymade garments. The total Indian textile industry size, including readymade garments, was estimated to be ₹ 4.9 lakh Crores (nearly USD 90 Bn) in 2012, projected to grow over the next 10 years at a CAGR of 9-10%, to reach ₹ 10 lakh Crores (nearly USD 200 billion) by 2020. This constitutes of 65% domestic market and 35% exports and the mix is expected to largely remain the same given the balance of strong domestic consumption growth and increasing global competitiveness.

**India Textile Industry - Size and Growth Estimates 2011-2021**



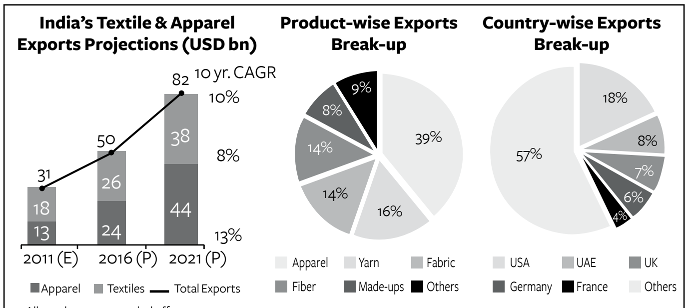

All numbers are rounded off
Source: Technopak Analysis

The industry saw low exports growth in 2012, due to weaker international demand partly compensated by a weak Indian Rupee. However, over the next 3-5 years, India's share of global textile exports is poised to increase from current 4% to around 7%, driven by the improving competitiveness vis-à-vis other major exporters like China and Turkey.

| Items | | | April-October | |
|---|---|---|---|---|
| | **2009-10** | **2010-11** | **2010-11** | **2011-12*** |
| | **Million US $** | **Million US $** | **Million US $** | **Million US $** |
| Readymade Garments | 10064.73 | 10627.99 | 5512.15 | 7088.74 |
| Cotton Textile | 5711.41 | 8360.35 | 3466.96 | 4899.36 |
| Manmade Textiles | 3970.88 | 4643.06 | 2465.75 | 3215.49 |
| Wollen, Yarn, Fabrics, MadeupsEtc | 470.20 | 429.75 | 248.77 | 324.65 |
| Silk Textiles | 596.05 | 595.19 | 323.95 | 282.34 |
| Handloom | 264.85 | 365.48 | 185.89 | 324.14 |
| **TOTAL** | **21078.12** | **25021.82** | **12203.47** | **16134.72** |

*Source: Foreign Trade Statistics of India (Principal Commodities & Countries). * as per latest figures available*

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. Overall, going forward, the exports market is expected to continue growing at 10% CAGR for the next decade.




All numbers are rounded off
Source: UN Comtrade Technopak Analysis

### The Technical Textiles Segment

Globally, the technical textiles segment is an immense opportunity, with the worldwide industry size estimated at USD 130 Bn. The size of this segment in India is currently pegged at ₹ 70,000 Cr (nearly USD 13 Bn), contributing nearly 15% to the total domestic textile market. This segment is characterized by world-class manufacturing capabilities technology skill-sets and is expected to show strong growth in India.

INR (Cr.)

| Sr. No. | Segment | 2011 (E) | 2016 (P) | 2021 (P) | CAGR |
|---|---|---|---|---|---|
| 1 | Packtech | 27010 | 55350 | 81520 | 12% |
| 2 | Clothtech | 7780 | 9310 | 10350 | 3% |
| 3 | Hometech | 10440 | 17180 | 27650 | 10% |
| 4 | Mobiltech | 4880 | 9230 | 12940 | 10% |
| 5 | Indutech | 3500 | 4075 | 4430 | 2% |
| 6 | Sporttech | 2410 | 3010 | 3420 | 4% |
| 7 | Buildtech | 3040 | 5490 | 7490 | 9% |
| 8 | Meditech | 1990 | 2530 | 2910 | 4% |
| 9 | Protech | 2295 | 4570 | 6570 | 11% |
| 10 | Agrotech | 790 | 1470 | 2050 | 10% |
| 11 | Geotech | 440 | 880 | 1290 | 11% |
| 12 | Oekotech | 75 | 105 | 130 | 6% |
| | **Tolal** | **64650** | **113200** | **160750** | **10%** |

*All numbers are rounded Off.*
*Source: Ministry of Textiles, Technopak Analysis.*

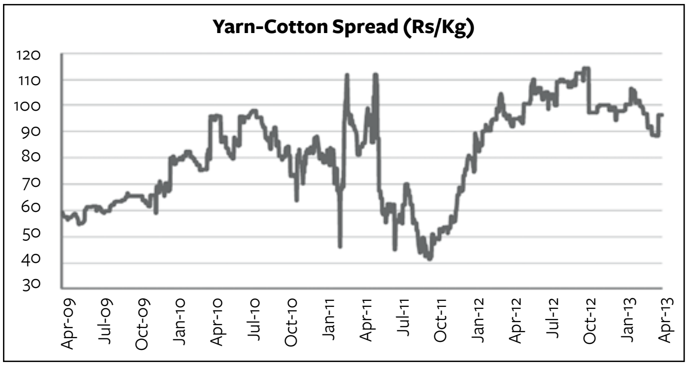
### Policy measures and Impact of Union Budget 2013-14 on the Indian Textile Industry

The government has taken several important decisions in the Union Budget 2013-14 to support the growth of the Indian Textile Industry. The highlights of those are: (1) Restoration of zero excise duty, as existed prior to the Budget 2011-12, on readymade garments sold in the domestic market as well as for cotton and manmade sector at the yarn, fabric and clothing stages (2) Continuation of Technology Upgradation Fund Scheme (TUFS) in the 12th Five Year Plan with an investment target of ₹ 1.51 lakh Crore (3) Reducing custom duty on textile machinery (4) Investment allowance of 15% on capital investment above ₹ 1 Bn (5) Allocation of ₹ 50 Crore to Ministry of Textile to incentivize setting up Apparel Parks within the SITPs to house apparel manufacturing units (6) Plan for a new scheme called the Integrated Processing Development Scheme (IPDS) to be implemented in the 12th Plan to address the environmental concerns of the textile industry (7) Working capital and term loans at a concessional interest of 6 per cent to handloom sector and (8) Scheme of Fund for Regeneration of Traditional Industries (SFURTI) extended to 800 clusters during the 12th Plan. These measures collectively are expected to give a significant boost to the Indian textiles sector and address many industry concerns.

### Cotton

For the current cotton season (Oct'12 – Sep'13), the Cotton Advisory Board has estimated the domestic acreage at 116 lakh hectares leading to a production of 330 lakh bales, as against 353 lakh bales from 122 lakh hectares in 2011-12. This coupled with high exports demand for cotton as well as yarn and low opening stock of cotton is expected to put pressure on the price of domestic cotton and yarn.

Cotton yarn spread continues to remain high with robust demand in domestic as well as overseas market. Certain international trends in cotton have given a boost to cotton exports and making cotton fibre and yarn more expensive in the domestic market. Higher cotton prices in China have prompted the Chinese textile players to import yarn (3% duty on yarn import compared to 40% duty on cotton import based on decided quota). Turkey has removed duty on Indian cotton yarn imports and Turkey being the gateway to Europe, would lead to increased exports of yarn from India. Also, with power shortage in Pakistan and Bangladesh, certain global demand is shifting to India. Provisional data as available with DGFT shows that the current cotton season registered a whopping 51% YoY (Oct-Feb) increase in registration of contract for export of cotton yarn. Exports of cotton bales was at all time high during last season and had also impacted closing stock which is lowest point compared to last four years' stock.




### Weak Indian Rupee Making Exports More Competitive

The continued weakness of the Indian rupee against the US dollar and Euro has improved India's competitive positioning in the export market. Therefore, should the advantage be maintained, 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, if there sharp volatility in currency, it could become very difficult for exporters to, on one hand, hedge the future foreign currency earnings and on the other hand manage foreign currency debt.

### Textile Outlook

In the mid-long term, the Indian textile industry is expected to grow strongly with growth being balanced from both domestic consumption as well as exports demand. In the near-term, domestic demand would depend on the macro-economic factors that are expected to gradually revive in FY2013-14. On exports front, there are both positive and negative factors. Positive factors include the weak currency and decreasing cost competitiveness of China that are likely to give positive impetus to the Indian exports. At the same time, factors like slowdown and uncertainty in the global markets, volatile foreign exchange rates and increase in cotton and yarn prices are likely to negatively affect growth and profitability for the textile exports.

Your company is looking to take a cautious growth approach in the textiles business – protecting margins through moving into more premium and differentiated space, as well as operational measures like greater share of in-house spinning by leveraging the central and state government support on investments and gradual addition of capacities depending on demand upturn. For garmenting, the focus is on strategically increasing share of vertical business with the global as well as Indian brands, providing both enhanced business growth as well as demand security for the fabric manufacturing businesses. The company is also looking to tactically leverage Bangladesh for greater competitiveness in the global supply chain, through partnership routes. Lastly, the company is looking to place selective large bets in the technical textiles segment to create breakthrough growth opportunities for the future.

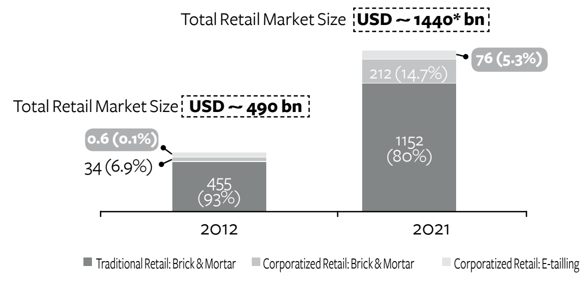
### Indian Apparel Retail Market

The Indian consumption growth story needs no explanation. Despite the slow recent economic growth translating into weak consumer sentiments and demand trends, the larger story of growth of organized retail in India is expected to continue to gain momentum, with the additional boost of Ecommerce retailing (commonly known as E-tailing). The total size of India's retail market is pegged at USD 490 Bn in 2012 (Source: Technopak), of which organized retail has a low share of ~7% at USD 34 Bn, while e-Tailing is currently a nascent model at ~0.1% or USD 0.6 Bn.

The overall retail market expected to grow at 10-12% over the next decade, with an expected market size of USD 1440 Bn by 2021 (source: Technopak). The more important trend though, is that while the share of organized retail in total retail has grown over the last 4-5 years from ~5% in 2007 to reach ~7% by 2012, it is expected that the combined growth of brick-and-mortal retailing and e-tailing is expected to take this share to ~20% by 2021. That would translate into a compounded annual growth rate of over 25% over a decade!

Exhibit 1

**Indian Retail Market Size**




*Source: Technopak Analysis*
** Retail market size for 2021 is at nominal growth*

Apparel as a category constitutes the largest share of organized retailing at ~30%, driven by factors like higher brand preference in apparel compared to categories like 'Food & Grocery' where fresh availability is a more primary consumer need. Apparel is also a category that is more promptly being adopted by the internet buyer, compared to other large retail categories. Hence both trends put together, apparel is expected to be a large part of the India organized retail opportunity in 2021, both in the brick & format as well as in e-tailing.

In the shorter term, organized apparel retail witnessed some impact of softened consumer sentiments during the last year, reflecting in slower like-to-like (LTL) sales growth in the apparel stores and the overall industry growth of 4-5% in value terms over FY12-13. However, the gradual revival expected in the economy in FY13-14, along with some major policy reforms in this sector, will facilitate improved profitability of the existing brands as well as promote entry of new brands that will further expand the market. Three specific drivers of recovery in apparel demand in FY13-14 include (a) Restoration of zero excise duty on readymade garments and made ups announced in the Union Budget 2013-14 (b) Faster clearance of investment proposal of foreign branded retail and (c) Expected revival in the overall economy in FY13-14 that will open up the unspent demand for apparels.

Across the various apparel segments, menswear will continue to be the largest segment, contributing to ~35% of the total apparel market, while kidswear is expected to grow faster due to new brand offerings in this hitherto unexploited market segment.

Your company operates in the branded apparel space through a diverse portfolio of owned and licensed international brands that have seen strong growth momentum in the past. The strategy has been to create several large and high-growth 'Power brands' (like Arrow, US Polo, Tommy Hilfiger and Flying Machine) and your company has seen with experience that these brands start to yield very healthy bottomlines and returns once they reach a critical size. With many other strong growth brands in the portfolio (including those acquired recently) like Gant, Nautica, Elle, Billabong, Ed Hardy, Hanes and Wonderbra, the Arvind approach would be to gradually make these brands the next set of 'Power brands', providing significant topline growth as well as healthy bottomlines. While menswear market, being the largest and most attractive branded apparel space, would continue to be dominant in the Arvind portfolio, other important and attractive segments like women, kids and innerwear are also being emphasized to grow their share of the business portfolio and align it with the market growth trends.

Your company operates in the retail space through its MegaMart brand of stores that have undergone a major transformation in business model over the last year to be repositioned as a value format and the strategy has also started to deliver the expected results in terms of improved profitability. The company has also launched its own brand of 'Arvind Stores' to target the attractive domestic market for fabric retail and custom clothing. With continued improvements in the existing formats and the addition of specialty store formats like Debenhams and Next, Arvind will be looking to become a leading apparel retail player in India and also strive to bring newer formats to the Indian consumer and offer them differentiated products and retail experience.

### RESULT REVIEW

The macroeconomic environment posed many challenges for the company during the year under review. On domestic front, stagnant economy, high inflation and higher interest rates dampened the consumer sentiments. On global from Euro zone continued to be in turmoil. On the top of challenging macroeconomic scenario, our company witnessed unprecedented event of strike at its Naroda plant in the month of June 2012 leading to loss of production. It is heartening to note that despite such a challenging environment, our Company has closed the financial year 2012-13 with 8% growth in sales and 7% growth in Operating Earnings before Interest Depreciation and Taxes. (Operating EBITDA). PAT (excluding Exceptional Income) has shown a growth of 11% compared to the previous year.

The Standalone Financials of the company is as under:

(₹ In Crores)

| Particulars | For Year Ended on | | | |
|---|---|---|---|---|
| | March 31, 2013 | | March 31, 2012 | |
| | Amount | % of Sales | Amount | % of Sales |
| Revenue from operations (Net) | 3,780 | | 3,494 | |
| Other Income | 93 | | 136 | |
| **Total Revenue** | **3,874** | | **3,630** | |
| Cost of materials & accessories consumed | 1,641 | 43% | 1,569 | 45% |
| Purchases of Stock in Trade | 84 | 2% | 37 | 1% |
| Project Expenses | 28 | 1% | 14 | 0% |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (166) | -4% | 4 | 0% |
| Employee benefits expense | 442 | 12% | 361 | 10% |
| Other expenses | 1,164 | 31% | 1,009 | 29% |
| **Total Expenses** | **3,194** | **84%** | **2,993** | **86%** |
| EBITDA | **680** | **18%** | **637** | **18%** |
| Depreciation and amortization expense | 150 | 4% | 131 | 4% |
| Finance costs | 268 | 7% | 270 | 8% |
| Profit before extraordinary items and tax | **261** | **7%** | **236** | **7%** |
| Extraordinary Items | - | | 252 | |
| **Profit before Tax** | **261** | **7%** | **488** | **14%** |
| Tax expense: | - | | 54 | |
| **Profit After Tax** | **261** | **7%** | **434** | **12%** |

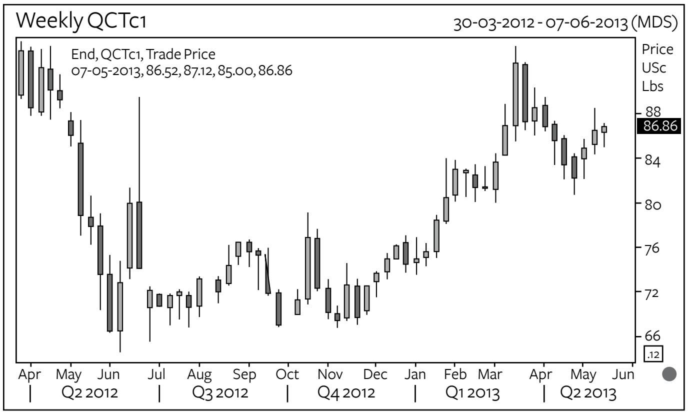
### Revenue, Sales and Operating Income

Total Revenue of the Company under review increased by 7% compared to previous year. Sales and operating income also increased by 8%. The Revenue from Denim went down by 4% as a result of Workmen Strike in the month of June, 2012 which resulted in loss of production. As a result of expansion in capacity, the Woven Business registered a growth of 26% in Revenue. Other income aggregating to ₹ 93 Crs. is mainly consisting of Profit on Sale of Land and other Fixed Assets, Scrap Income & Interest Income.

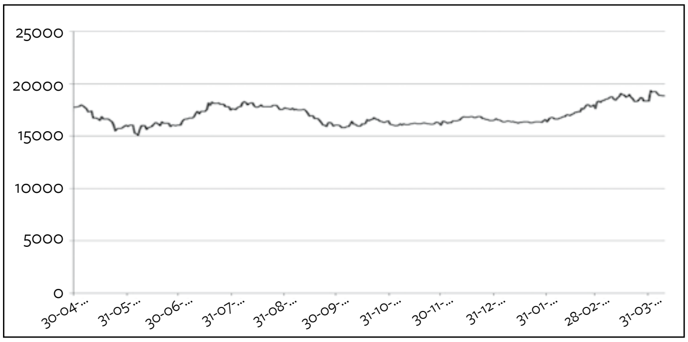
### Raw Materials

The raw material cost in absolute terms has increased by around 5% compared to the previous year. But the raw material cost, as a percentage to sales, reduced by 2% during the year consequent to cotton prices being lower in the year 2012-13 compared to the previous year. The average purchase price for cotton was for the year 2012-13 was lower by 19% compared to the previous year. Following chart shows the movement of cotton prices from April, 2012 to March, 2013 domestically as well as globally:

Cotton Price movement on ICE, USA - $/Lbs




Cotton Price movement on MCX, India – Rs / bale




### Direct Materials

The direct materials largely include Dyes & Chemicals & Spare parts which were marginally higher than previous year at ₹ 307 Crores, showing an increase by 22% in absolute terms and as a percentage of Sales, it stands at 8% as against 7% in the previous year.

### Power & Fuel

Power & Fuel cost this year has gone up by 16% in absolute value. As a percentage of Sales, it stands at 11% as against 10% in the previous year. On account of non-availability of Gas, Company is now consuming Grid Power and also buying the power through Open Access mechanism.

### Manpower Cost

The Manpower cost for the year is higher by 23% in absolute value; however, as a percentage to Sales, it was at 12% compared to 10% in the 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 is expected to reduce in the coming years.

### Other Costs

The other costs have gone up by 15% in absolute terms in tandem with revenue growth. However as a percentage to sales, it has remained more or less constant at 31% of Sales as compared to 29% in the previous year.

### Operating Margins (Profit)

During the year under review, company's EBITDA margin has remained constant at 18%. However, EBIDTA (excluding Other Income) has increased to 16% for the year as compared to 14% in the previous year. EBIDTA margin has improved mainly on account of revenue growth and improved product & customer mix.

**Finance Costs**

The finance cost for the current financial year is ₹ 268 Crores as against ₹ 270 Crores for the previous financial year thus remaining at the same level in absolute terms. The foreign exchange Loss on account of FX rate changes was ₹ 15 Crores for the year compared to Loss of ₹ 18 Crores in the previous year. Finance Cost as a percentage to Sales decreased by 63 bps at 7.1%. During the year Company succeeded in negotiating reduction in Interest Rates as a result of improved Financial and Liquidity Position.

Since around 41% 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)**

Profit before tax for the year was ₹ 261 Crores compared to ₹ 236 Crores in the previous year, reflecting 11% rise during the year consequent to higher operating profit.

**Net Profit (PAT)**

Profit after tax stood at ₹ 261 Crores in the current financial year compared to ₹ 236 Crores (excluding exceptional item of Profit of ₹ 252 Crores on sale of stake in VF Arvind Brands Private Limited) in the previous year marking Growth of 11%.

**Debt**

The total debt (including due within one year) of the Company as on 31st March, 2013 stood at ₹ 2119 Crores against ₹ 1770 Crores as on 31st March, 2012. The increase in Total Debt is as a result of additional borrowing during the year for financing Capital Expenditure. Further, the company has raised this debt under TUFS which entitles Interest Rate Subsidy to the extent of 4% to 5%.

**Working Capital & Liquidity**

The Current Assets during the year has gone up by 23% in absolute terms & Current Liabilities has gone up by 7% in absolute terms.

**Strike**

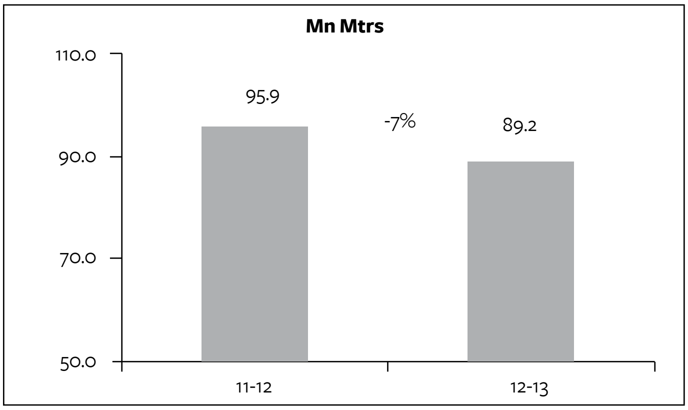
During the year, Company's operations were impacted on account of unforeseen event of strike by its workmen at two of its manufacturing plants in the month of June, 2012. On account of the strike, there was loss of production of 6.1 million meters of fabric which resulted in loss of revenue of ₹ 95 Crores and loss of EBIDTA of ₹ 35 Crores. The workers had gone on strike to press their demand for higher wages. The select group of workers had gone on strike despite the fact that Textile Labour Association (TLA) which is the representative union had filed a case in the Industrial Court demanding higher wages against Ahmedabad Textile Mills' Association (ATMA), which represents several textile mills including Arvind Limited. The matter was being heard by full bench of the Industrial Court. Unfortunately, disregarding the TLA and the sub-judice legal case, the workers demanded a separate settlement which was neither practically possible nor legally tenable which compelled the company to take strict disciplinary action on few workers. After remaining on strike for a little less than a month, the workers called off the strike unconditionally. The dispute with the workers has since been amicably resolved with Company agreeing to hike the wages by about 16%.

## BUSINESS REVIEW & DEVELOPMENTS

**Denim**

The performance of Denim Division was impacted on account of Strike by the workmen. Due to Strike, there was a loss of Production of 4.3 Mn Mtrs which resulted into 7% reduction in volume for the year. It is highly satisfying to note that Denim Division could maintain profitability despite there being addition in Denim Capacities by about 250 Mn Mtrs in India which made the markets highly competitive. Denim Business continues with its strategy of improving Product and Customer Mix so as to achieve higher Contribution per meter.

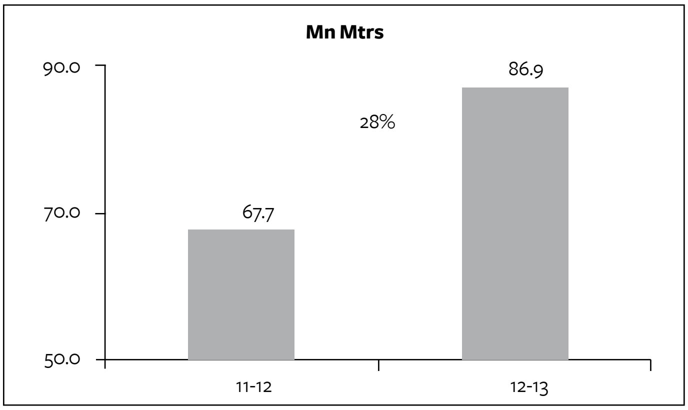
**Denim Volume:**




**Woven Fabrics**

During the Year, Company expanded the Capacity of Woven Fabrics by 12 Mn Mtrs. On account of this expansion, the Woven Business has seen growth of 28% in volume and 29% in revenue. It is heartening to note that there is significant increase in businesses with the large global as well as local customers like GAP, Levis etc. Further, the Operational Excellence Drive to improve the productivity has resulted into higher Operating Margins for Woven business.

**Woven Fabrics Volume:**




**Exchange Rate**

The exchange rate of INR against USD, which was 50.8 in April, 2012 reached to 55.1 in June, 2012 and remained around that level till September, 2012. INR saw sudden appreciation in October, 2012 and reached to 52.4. It remained volatile at 53.9, 54.3, 54.1 and 53.2 during November, 2012, December, 2012, January, 2013 & February, 2013 respectively. At the year end, it was 51.1. The Company had taken forward cover on net dollar exposure and the average exchange rate for the entire year was in range of INR 49.0 to a US dollar.

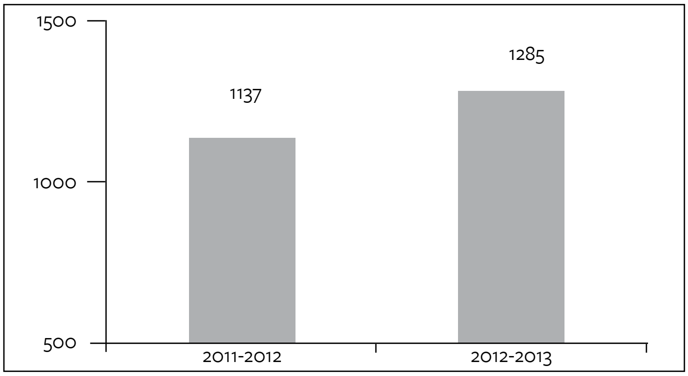
## SUBSIDIARIES

### Amalgamation of Arvind Retail Limited with Arvind Lifestyle Brands Limited:

You are aware that your Company has been operating its Brands Business primarily through the subsidiary company Arvind Lifestyle Brands Limited (ALBL) and Retail Business through another subsidiary company Arvind Retail Limited (ARL). ARL has now been amalgamated with ALBL, vide the Order dated 18th April, 2013 passed by the Hon'ble High Court of Gujarat at Ahmedabad. ARL has been operating under the brand name "MegaMart", and had been a pioneer in the Value Retail market offering many of its own private brands as well as a wide range of international brands. ALBL is one of the dominant players in the organized branded apparel market in India, with portfolio of several large international apparel brands. Both the companies belong to the same group of management and are engaged in similar commercial activities. It was therefore thought fit to amalgamate these two companies with a view to consolidate the commercial activities and thereby achieve synergistic benefits. It is envisaged that the amalgamation would facilitate optimal utilization of resources and exercise efficient management control. The amalgamation will result in reduction of administrative and operational costs and thus be beneficial to all the concerned parties, viz. the shareholders, creditors, employees and investors of these companies.

### Overview of performance of Arvind Lifestyle Brands Limited:

The subsidiary revenues have grown by 13% during the year compared to the previous year.




This 13% growth comprises of 25% growth of Brands and 2% growth of MegaMart. There is 21% growth without considering newly acquired Brands. While Brands registered Like-to-Like growth of 1.7%, MegaMart registered negative Like-to-Like Growth of 3.8%. This year was extremely challenging for MagaMart business as there was severe pressure on operating margins on account of twin factors i.e. Incidence of excise duty on branded apparels and higher purchased cost of finished goods as a result of higher cotton prices. The Company had to take several corrective steps to restore the operating margins; the major being repositioning MagaMart from "Discount Store" to "Value Retail" with higher proportion of private labels, with the value proposition covering the entire range of men, women & kids segments. These initiatives have yielded the desired results and the profitability of MegaMart is restored back to yesteryears.

During the year 1.73 lakh sq ft of retail space was added for the Brands Business and 0.18 lakh sq ft of retail space was added for the MagaMart Business. With this addition, the distribution strength of the Brands & Retail businesses stands at 487 Stores with 5 lakh sq ft of retail space for Brands and 197 Stores with 7.1 lakh sq ft of retail space for MegaMart.

During the year ALBL acquired the India operating licenses for two international apparel brands – Billabong & Nautica, two international retail stores brands – Debenhams & Next and one international innerwear brand – Hanes.

### Anup Engineering Limited:

Anup Engineering Limited is engaged in engineering and fabrication business listed on Ahmedabad Stock Exchange. The Company registered after tax profit of ₹ 4.94 Crores during the year.

## OUTLOOK

The Company is witnessing strong demand in the international markets especially for Wovens. However domestic retail market is sluggish which is likely to keep growth in the Brands and Retail business slow. The sluggish retail demand may affect the growth of MegaMart. At the same time the brands like Arrow, US Polo and Tommy Hilfiger continue to show lot of promise for growth. The newer brands added during the last year are also expected to grow strongly, though on a smaller base, and would provide additional growth to the business.

Under the above scenario, the Company is expecting overall revenue growth of over 20% for FY2013-14, on account of volume growth in both Textiles and Brands & Retail. The Textiles business may achieve growth in the 12-15% range, whereas Brands & Retail business is expected to grow strongly at 25%+.

The company expects that the overall margins for the coming year will be maintained. Margins for the Textiles businesses may improve marginally due to improved pricing and greater scale and operational efficiency, while margins for the Brands & Retail businesses may fall slightly due to higher investments in marketing and distribution for the newly acquired brands.

# Strategy and Programmes for "Corporate Social Responsibility" 2012-13

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. During 2012-13, a definitive step has been taken by launching a study for collecting information of the workforce and their family members to design programmes for them.

**SHARDA Trust's Programmes**

Arvind Ltd. established SHARDA (Strategic Help Alliance for Relief to Distressed Areas) Trust in 1995 with a purpose of helping the urban poor by upgrading their quality of life. Besides improving infrastructure facilities in distressed areas, providing healthcare facilities and helping the people upgrade their skills to get well paying jobs, SHARDA trust is now focussing on providing quality education to students studying in Municipal Schools since 2006. These educational facilities are being provided by means of an association with local Government, the Ahmedabad Municipal School Board.

SHARDA Trust is working with about 1000 students from class V-XII through 'Gyanda Education Programme'. Education programme includes organised academic support as well as grooming students on social, cultural and personal aspects. Year 2012-13 was especially important for Trust as the first batch is completing class XII. These students will now be going for higher and professional education and subsequently start earning which will ensure that it is the last generation in poverty for them, a cherished dream that the Trust and the students have shared together. Most encouraging incidents are of those few parents whose one child (all girls) is studying with us in Municipal School and the other child (all boys) is in private school. After noticing the progress of their girls, the parents decided to withdraw their children from private school and got them admitted in Municipal School to be part of Gyanda Education programme. We consider this as huge recognition of Trust's efforts for bringing a small but strong social change. Gyanda's total enrolment is poised to reach about 1500 students by 2015-16 as our conversion from primary to secondary has improved. The Trust does plans to initiate new Gyanda Centres.

Beside school education, Trust conducted Basic Computer Familiarization Programme for 250 children, housewives, working women and working and non-working men. In addition, about 100 youth were trained for Basic English Programme. The Trust organised two 'Yoga Shibirs' for the wellbeing of people in community around our Naroda premises during 2012-13. This was conducted by Swami Adhyatmanandji of the Sivananda Ashram, Ahmedabad. Both the camps were attended by about 300 people in each camp.

Towards end of 2012, the Trust initiated ambitious plan to collect comprehensive information about Arvind's workers and their family members related to education, health, housing and contact information and thereby plan welfare and capacity building initiatives to enhance quality of life. For doing so, a Workers' Information System was designed with provisions for generating intended reports. All the information was collected online. As of March 2013, first set of study with over 7000 workers has been completed in Ahmedabad region and based on the findings suggested initiatives were presented to the top management. 2013-14 will witness initiation of activities in Ahmedabad region and expanding the scope of study to Santej and Bangalore regions to cover complete workforce.

These activities and programmes have opened up avenues for expansion of the Trust's initiatives and for undertaking newer initiatives.

**NLRDF's Programmes**

Established in 1978 as Public Charitable Trust, NLRDF is the rural CSR arm of Arvind Limited. NLRDF directly intervenes at the village level with the strategy of linking the government programmes with the rural poor and thereby increasing the efficiency and the effectiveness of the delivery process.

The year under review mainly witnessed programmes for skill upgrading for livelihood promotion, economic empowerment of widows and programme for HIV/AIDS awareness and prevention.

Specifically, 75 youngsters from BPL families received training for mason work and tool kit for same was given to them to ensure earnings. NLRDF trained 144 Female Sex Workers and their family members in different skill up-gradation initiatives. Out of which, 111 women received a two months training for Cutting and Tailoring. They got sewing machines at token cost to ensure earnings. Other 33 women were trained for applying Mehandi.

NLRDF's entrepreneurship programmes for widows have its operations in 20 districts of Gujarat. It has trained about 11000 widows in last 6 years. During 2012-13, more than 3000 widows were trained. Each one of them received a kit of their choice worth about ₹ 5000 for their livelihood. Newly acquired confidence to step out of their houses which they could not think of earlier is the noticeable outcome from this programme. Few selected needy and working widow entrepreneurs are being financially supported for the expansion of their current business.

Another programme worth mentioning is on HIV/AIDs control. Intervention includes providing services like Behaviour Change Communication, Counseling, STD treatment and creating enabling environment and referral and linkages to core population. This has brought significant change in their practice and behaviour. A workshop on 'Awareness on HIV/AIDS-prevention and control' was also organized for industrial workers in Ahmedabad which was attended by about 500 people.

Under Mamta Taruni Programme, 860 non-school going adolescent girls from 18 villages were identified. They are trained for nutrition awareness, personal hygiene, health care etc.

A state level programme on the occasion of International Women Day 2013 was celebrated on 8th March 2013 at Khedbrahma. Around 2500 women from surrounding villages participated in this one day event and experts shared with them information on their legal rights, education etc.

Arvind Limited, through SHARDA & NLRDF aspires to help the poor in urban and rural settings through its programmes and believes that programmes of social renewal with a business approach will bring lasting change in society.

# AUDITORS' REPORT TO THE MEMBERS OF ARVIND LIMITED

**Report on the Financial Statements**

We have audited the accompanying financial statements of **ARVIND LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the 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.

**Emphasis of Matter**

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 higher by ₹ 4.20 Crores and carrying value of Hedge Reserve would have been higher by ₹ 23.64 Crores. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

   c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 and Accounting Standards (AS) – 30 on 'Financial Instruments: Recognition and Measurement' issued by the Institute of Chartered Accountants of India (ICAI);

   e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

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

Ahmedabad
May 16, 2013

# ANNEXURE TO THE AUDITORS' REPORT

**Re: ARVIND LIMITED**

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date,

(i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.

(c) In our opinion and as per the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and going concern status of the Company is not affected.

(ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with.

(iii) The Company has not granted/taken any loans secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of clauses (iii,b), (iii,c), (iii,d), (iii,e), (iii,f) and (iii,g) of paragraph 4 of the order are not applicable.

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

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

(vi) In our opinion and according to the information and explanations given to us, the Company has 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, 2013 for a period of more than six months from the date they became payable.

(c) Following amounts have not been deposited as on March 31, 2013 on account of any dispute :

| Nature of Statute | Nature of the dues | ₹ 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 | 2006-2007 | Joint Commissioner Commercial Tax (Appeal) |
| | | 0.90 | 2006-2007 | Joint Commissioner Commercial Tax (Appeal) |
| Central Excise Act | Excise Duty | 9.91 | 2000-2001, 2001-2002 | High Court |
| | | 3.05 | 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2005-2006, 2008-2009, 2009-2010 | CESTAT |
| | | 9.18 | 1999-2000, 2000-2001 | Supreme Court |
| | | 5.47 | 2000-2001, 2001-2002, 2002-2003 | Tribunal |

| Nature of Statute | Nature of the dues | ₹ in Crores | Period to which the amount relates | Forum where matter is pending |
|---|---|---|---|---|
| Customs Act | Custom Duty | 0.05 | 2005-2006, 2006-2007, 2007-08 | Joint Commissioner |
| | | 0.72 | 1998-1999 to 2006-2007 | CESTAT |
| Finance Act | Service Tax | 0.61 | 2004-2005, 2005-2006, 2006-2007, 2007-2008 | Additional Commissioner |
| | | 0.05 | 2005-2006, 2006-2007 | Assistant Commissioner |
| | | 0.12 | 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 | 2003-2004, 2004-2005, 2005-2006 | 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 16, 2013

# Balance Sheet as at 31st March, 2013

₹ in Crores

| | Note | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|
| **Equity and Liabilities** | | | |
| **Shareholders' funds** | | | |
| Share Capital | 3 | **258.04** | 258.04 |
| Reserves and Surplus | 4 | **2,041.47** | 1,757.96 |
| **Non-current liabilities** | | | |
| Long Term Borrowings | 5 | **947.10** | 707.35 |
| Deferred Tax Liabilities (Net) | 6 | **12.82** | 12.82 |
| Long Term Provisions | 7 | **11.98** | 49.51 |
| **Current liabilities** | | | |
| Short Term Borrowings | 8 | **1,015.54** | 895.95 |
| Trade Payables | 9 | **664.48** | 598.32 |
| Other Current Liabilities | 10 | **245.33** | 246.26 |
| Short Term Provisions | 7 | **86.96** | 94.57 |
| **Total** | | **5,283.72** | 4,620.78 |
| **Assets** | | | |
| **Non-current assets** | | | |
| Fixed Assets | | | |
| Tangible Assets | 11 | **2,334.07** | 2,262.61 |
| Intangible Assets | 12 | **5.59** | 6.45 |
| Capital Work-in-progress | | **200.32** | 179.10 |
| Non-current Investments | 13 | **492.86** | 337.11 |
| Long Term Loans and Advances | 14 | **235.93** | 189.21 |
| Other Non-current Assets | 15 | **0.54** | 2.04 |
| **Current assets** | | | |
| Inventories | 16 | **877.96** | 728.42 |
| Trade Receivables | 17 | **442.42** | 405.55 |
| Cash and Bank Balances | 18 | **150.60** | 39.37 |
| Short Term Loans and Advances | 14 | **250.24** | 214.75 |
| Other Current Assets | 15 | **293.19** | 256.17 |
| **Total** | | **5,283.72** | 4,620.78 |
| **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 16, 2013

**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, 2013

₹ in Crores

| | Note | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|---|
| Revenue from operations (Gross) | 21 | **3,795.14** | 3,511.87 |
| Less : Excise Duty | | **14.85** | 17.75 |
| Revenue from operations (Net) | | **3,780.29** | 3,494.12 |
| Other Income | 22 | **93.46** | 135.81 |
| **Total Revenue** | | **3,873.75** | 3,629.93 |
| **Expenses:** | | | |
| Cost of materials and accessories consumed | 23 | **1,641.22** | 1,568.76 |
| Purchases of Stock in Trade | 24 | **84.44** | 37.40 |
| Project Expenses | | **28.07** | 13.60 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 25 | **(166.01)** | 3.57 |
| Employee benefits expense | 26 | **442.22** | 360.51 |
| Finance costs | 27 | **268.44** | 270.25 |
| Depreciation and amortization expense | 28 | **150.49** | 130.51 |
| Other expenses | 29 | **1,163.66** | 1,009.04 |
| **Total Expenses** | | **3,612.53** | 3,393.64 |
| **Profit before exceptional and extraordinary items and tax** | | **261.22** | 236.29 |
| Exceptional items | | **-** | - |
| **Profit before extraordinary items and tax** | | **261.22** | 236.29 |
| Extraordinary Items | 30 | **-** | 251.80 |
| **Profit before Tax** | | **261.22** | 488.09 |
| **Tax expense:** | | | |
| Current Tax (MAT) | | **53.79** | 85.15 |
| MAT Credit Entitlement | | **(53.79)** | (31.29) |
| **Profit for the year** | | **261.22** | 434.23 |
| **Earnings per equity share** | 35 | | |
| (Nominal Value per Share ₹ 10/- (Previous year ₹ 10/-): | | | |
| Before Extraordinary Items | | | |
| Basic & Diluted | | **10.12** | 9.16 |
| After Extraordinary Items | | | |
| Basic & Diluted | | **10.12** | 16.83 |
| **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 16, 2013

**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, 2013

₹ in Crores

| | | | Year ended March 31, 2013 | | Year ended March 31, 2012 | |
|---|---|---|---|---|---|---|
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | | |
| | **Profit Before taxation** | | | **261.22** | | 488.09 |
| | Adjustments for: | | | | | |
| | | Depreciation /Amortization | **150.49** | | 130.51 | |
| | | Interest Income | **(24.26)** | | (15.56) | |
| | | Interest Expenses | **244.39** | | 245.77 | |
| | | Dividend Income | **(0.35)** | | (0.56) | |
| | | Share of Profit in LLP | **(0.58)** | | (1.45) | |
| | | Bad Debts Written Off | **0.03** | | 0.32 | |
| | | Provision for Dimunition in value of Investments | **-** | | 6.48 | |
| | | Provision for Bad Debts | **0.23** | | - | |
| | | Provision for Retirement Benefits | **5.36** | | 4.24 | |
| | | Provision for Wealth Tax | **0.20** | | 0.20 | |
| | | Sundry Debit Written off | **0.49** | | 1.19 | |
| | | Sundry Credit Balances Appropriated | **(1.20)** | | (2.83) | |
| | | Foreign Exchange Difference | **0.41** | | (0.16) | |
| | | Fixed Assets written off | **0.51** | | 2.01 | |
| | | Profit on Sale of Land held for sale | **(16.12)** | | (67.40) | |
| | | Profit on Sale of Tangible/Intangible assets | **(26.13)** | | (24.53) | |
| | | Loss on sale of Investments | **0.02** | | 1.57 | |
| | | Extra Ordinary Item | **-** | **333.49** | (251.80) | 28.00 |
| | **Operating Profit before Working Capital Changes** | | | **594.71** | | 516.09 |
| | Working Capital Changes: | | | | | |
| | | Changes in Inventories | **(149.54)** | | 106.78 | |
| | | Changes in trade payables | **67.36** | | (260.10) | |
| | | Changes in other current liabilities | **10.16** | | 19.07 | |
| | | Changes in provisions | **1.56** | | (1.83) | |
| | | Changes in loans and advances | **5.47** | | (46.67) | |
| | | Changes in trade receivables | **(37.13)** | | 208.90 | |
| | | Changes in other current assets | **(39.95)** | | (84.75) | |
| | | Changes in Other Bank Balances | **4.28** | | (6.80) | |
| | **Net Changes in Working Capital** | | | **(137.79)** | | (65.40) |
| | **Cash Generated from Operations** | | | **456.92** | | 450.69 |
| | | Direct Taxes paid (Net of Income Tax refund) | | **(49.80)** | | (73.11) |
| | **Net Cash from Operating Activities** | | | **407.12** | | 377.58 |
| **B** | **Cash Flow from Investing Activities** | | | | | |
| | | Purchase of tangible/intangible assets | **(263.66)** | | (333.93) | |
| | | Sale of tangible assets | **71.42** | | 126.48 | |
| | | Sale of Land held for sale | **16.18** | | 98.78 | |
| | | Changes in Capital Advances | **8.79** | | (13.60) | |
| | | Share Application Money | **(65.98)** | | (7.62) | |
| | | Change in Long Term Investments | **(90.01)** | | (69.95) | |
| | | Changes in Loans given | **(43.17)** | | 11.33 | |
| | | Dividend Income | **0.35** | | 0.56 | |
| | | Share of Profit in LLP | **0.58** | | 1.45 | |
| | | Interest Income | **24.41** | | 15.07 | |
| | | Net cash flow before Extra Ordinary Item | **(341.09)** | | (171.43) | |
| | | Proceeds from Sale of Investments in Joint Venture | **-** | | 257.27 | |
| | **Net cash flow from Investing Activities** | | | **(341.09)** | | 85.84 |

# Cash Flow Statement for the year ended on 31st March, 2013 (Contd.)

₹ in Crores

| | | Year ended March 31, 2013 | | Year ended March 31, 2012 | |
|---|---|---|---|---|---|
| **C** | **Cash Flow from Financing Activities** | | | | |
| | Issue of Share Capital | - | | 0.23 | |
| | Dividend Paid | (25.64) | | - | |
| | Dividend Distribution Tax Paid | (4.19) | | - | |
| | Securities Premium received | - | | 0.11 | |
| | Changes in long term Borrowings | 224.57 | | (216.23) | |
| | Changes in short term borrowings | 117.69 | | 0.93 | |
| | Interest Paid | (264.47) | | (259.18) | |
| | **Net Cash flow from Financing Activities** | | 47.96 | | (474.14) |
| | **Net Increase/(Decrease) in cash & cash equivalents** | | 113.99 | | (10.72) |
| | Cash & Cash equivalent at the beginning of the period | | 26.81 | | 23.32 |
| | Add : Adjustment on Amalgamation | | - | | 14.21 |
| | | | 26.81 | | 37.53 |
| | Cash & Cash equivalent at the end of the period | | 140.80 | | 26.81 |

| **a. Particulars** | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Cash and cash equivalents comprise of: (Note 18) | | |
| Cash on Hand | 0.77 | 1.02 |
| Cheques on Hand | (₹ 10,000/-) | (₹ 15,000/-) |
| Balances with Banks* | 140.04 | 25.78 |
| Cash and cash equivalents | 140.81 | 26.80 |
| Effect of Exchange Rate Changes | 0.01 | (0.01) |
| Cash and cash equivalents as restated | 140.80 | 26.81 |
| * Includes the following balance which is not available for use by the Company | | |
| Unpaid dividend account | 0.49 | 0.33 |

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 16, 2013

**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. It also operates apparel Value Retail stores MEGAMART. It also operates the specialty retail stores under the licensing arrangement with international brands of Debanhams & Next. Arvind also has the presence in Telecom business directly and through joint venture companies. Recently Arvind has made foray in to Technical Textiles on its own and in joint venture with leading global players.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### (A) BASIS OF PREPARATION

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), accounting principles generally accepted in India. The Financial Statements comply with the requirements of the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

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 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) Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

(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.

(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

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

## (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) The Company has opted to avail the choice provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification dated December 29, 2011. Consequently, 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. 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

# Notes to financial statements

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.

(I.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.

(I.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 either generally or specifically attributed directly 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. 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

₹ in Crores

| 3 Share Capital | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Authorised** | | |
| **Equity Shares** | | |
| 565,000,000 Shares (Previous Year 565,000,000) Par Value of ₹ 10/- per share | **565.00** | 565.00 |
| **Preference Shares** | | |
| 10,000,000 Shares (Previous Year 10,000,000) Par Value of ₹ 100/- per share | **100.00** | 100.00 |
| | **665.00** | 665.00 |
| **Issued** | | |
| **Equity Shares** | | |
| 258,043,969 Shares (Previous Year 254,633,441) Par Value of ₹ 10/- per share | **258.04** | 254.63 |
| | **258.04** | 254.63 |
| **Subscribed and fully paid up** | | |
| **Equity Shares** | | |
| 258,043,069 Shares (Previous Year 254,632,541) Par Value of ₹ 10/- per share fully paid up | **258.04** | 254.63 |
| **Forfeited Shares** | | |
| 900 Shares (Previous Year 900) (₹ 4,500/- originally paid up (Previous Year ₹ 4,500/-) | | |
| **Equity Shares Suspense Account** | **-** | 3.41 |
| **Total** | **258.04** | 258.04 |

**a Reconciliation of Number of Equity Shares**

| Particulars | As At March 31,2013 | | As At March 31,2012 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Crores | No. of Shares | ₹ in Crores |
| Balance at the beginning of the year | **254,632,541** | **254.63** | 254,400,041 | 254.40 |
| Add : | | | | |
| Shares alloted persuant to exercise of Employee Stock Option Plan | **-** | **-** | 232,500 | 0.23 |
| Shares alloted to the shareholders of Amalgamated Company | **3,410,528** | **3.41** | - | - |
| **Balance at the end of the year** | **258,043,069** | **258.04** | 254,632,541 | 254.63 |

**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, except in case of interim dividend. 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 31,2013 | As At March 31,2012 |
|---|---|---|
| Aura Securities Private Limited | 9,57,90,590 | 8,57,38,882 |
| | 37.12% | 33.67% |
| Life Insurance Corporation of India | 1,65,85,134 | 1,65,58,953 |
| | 6.43% | 6.50% |

**d Shares reserved for issue under options**

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

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

34,10,528 Equity Shares of ₹ 10 each were issued during the year to the erstwhile shareholders of Arvind Products Limited pursuant to the Scheme of Amalgamation without payment being received in cash.

**f Proposed Dividend**

The final dividend proposed for the year is as follows:

| Particulars | As At March 31,2013 | As At March 31,2012 |
|---|---|---|
| **On Equity Shares of ₹ 10/- each** | | |
| Dividend per Equity Share (₹) | 1.65 | 1 |
| Percentage of Dividend Proposed | 16.50% | 10% |

# Notes to financial statements

₹ in Crores

| 4 | Reserves and Surplus | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|
| | **Captial Reserve** | | |
| | Balance as per last financial statements | **26.71** | 26.71 |
| | **General Reserve** | | |
| | Balance as per last financial statements | **26.16** | 5.79 |
| | Add: Amount transferred from Revaluation Reserve | **5.24** | 20.37 |
| | Add: Amount transferred from Surplus in Statement of Profit & Loss | **20.00** | - |
| | Balance at the end of the year | **51.40** | 26.16 |
| | **Securities Premium Account** | | |
| | Balance as per last financial statements | **653.54** | 653.43 |
| | Add: Addition during the year | **-** | 0.11 |
| | Balance at the end of the year | **653.54** | 653.54 |
| | **Captial Redemption Reserve** | | |
| | Balance as per last financial statements | **69.50** | 69.50 |
| | **Revaluation Reserve** | | |
| | Balance as per last financial statements | **284.82** | 305.86 |
| | Add: Addition during the year (Note 11c) | **8.34** | - |
| | | **293.16** | 305.86 |
| | Less: Amount transferred to General Reserve | **5.24** | 20.37 |
| | Less: Loss on Compulsory Acquisition adjusted | **10.13** | 0.67 |
| | Balance at the end of the year | **277.79** | 284.82 |
| | **Hedge Reserve** (Note 43) | | |
| | Balance as per last financial statements | **(98.25)** | 31.89 |
| | Add: Adjustment during the year (Net) | **74.61** | (130.14) |
| | Balance at the end of the year | **(23.64)** | (98.25) |
| | **Foreign Currency Monetary Item Translation Difference Account** | | |
| | Balance as per last financial statements | **(4.19)** | 0.75 |
| | Add: Adjustment during the year (Net) | **(0.71)** | (4.94) |
| | Balance at the end of the year | **(4.90)** | (4.19) |
| | **Investment Revaluation Reserve** | | |
| | Balance as per last financial statements | **-** | (2.19) |
| | Add: Adjustment during the year (Net) | **-** | 2.19 |
| | Balance at the end of the year | **-** | - |
| | **Surplus in Statement of Profit and Loss** | | |
| | Balance as per last financial statements | **799.67** | 450.12 |
| | Add/(Less): Adjustments on Amalgamation | | |
| | Profit of Amalgamated Company | **-** | 1.62 |
| | Amount transferred to Statement of Profit and Loss on account of Amalgamation | **-** | (56.31) |
| | | **799.67** | 395.43 |
| | Add: Profit for the year | **261.22** | 434.23 |
| | | **1,060.89** | 829.66 |
| | Less : Appropriation | | |
| | Transfer to General Reserve | **20.00** | - |
| | Proposed dividend on Equity Shares for the year | **42.58** | 25.80 |
| | Dividend distribution tax on Proposed dividend on Equity Shares | **7.24** | 4.19 |
| | Balance at the end of the year | **991.07** | 799.67 |
| | **Total** | **2,041.47** | 1,757.96 |

# Notes to financial statements

₹ in Crores

| 5 | Long Term Borrowings | Non- Current portion | | Current Maturities | |
|---|---|---|---|---|---|
| | | **As At March 31, 2013** | As At March 31, 2012 | **As At March 31, 2013** | As At March 31, 2012 |
| | **Secured:** | | | | |
| | Term Loans : | | | | |
| | From Banks | **785.02** | 603.46 | **130.46** | 136.35 |
| | From Financial Institutions and Others | **159.50** | 101.31 | **22.90** | 17.93 |
| | **Unsecured:** | | | | |
| | From Financial Institutions | **2.58** | 2.58 | **-** | - |
| | Deferred Electricity Duty | **-** | - | **3.12** | 12.69 |
| | | **947.10** | 707.35 | **156.48** | 166.97 |
| | Amount disclosed under the head "Other Current Liabilities" (Note 10) | **-** | - | **156.48** | 166.97 |
| | **Total** | **947.10** | 707.35 | **-** | - |

| a | Borrowings | As At March 31, 2013 | As At March 31, 2012 |
|---|---|---|---|
| | At Amortized Cost | **1,103.58** | 874.32 |
| | At Original Cost | **1,107.78** | 873.32 |

**b Nature of Security:**

**Term Loans of ₹ 1097.88 Crores**

i Loans amounting to ₹ 1061.27 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 ₹ 837.47 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 ₹ 72.76 Crores.

ii Loans amounting to ₹ 34.22 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.

iii Loan of ₹ 1.34 Crores is secured by first charge on Company's Immovable Property situated at Ramnagar, Bangalore.

iv Loans of ₹ 1.05 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

**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 | 856.91 | 11% to 13% | Repayable in quarterly instalments ranging between 8 to 24 with moratorium period in some of the loans |
| Foreign Currency Loans | 58.56 | LIBOR+3.40% | Repayable in 8 equal half yearly instalments starting from September 2015 |
| **From Financial Institutions and Others** | | | |
| Rupee Loans | 157.39 | 11% to 12.30% | Repayable in equal quarterly instalments ranging between 12 to 24 |
| Rupee Loans | 1.34 | 15.25% | Repayable in 25 monthly instalments |
| Foreign Currency Loans | 22.63 | LIBOR+ 3.75% | Repayable in 14 equal quarterly instalments |
| Kotak Mahindra Prime Limited - Hire Purchase Loan | 1.05 | 8% to 10% | Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans |

# Notes to financial statements

**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 Provisions | Long Term | | Short Term | |
|---|---|---|---|---|
| | **As At March 31, 2013** | As At March 31, 2012 | **As At March 31, 2013** | As At March 31, 2012 |
| Provision for Employee Benefits | **10.83** | 8.11 | **11.32** | 7.14 |
| Provision for Losses on Derivative Contracts | **1.15** | 41.40 | **17.40** | 53.23 |
| Proposed Dividend | **-** | - | **42.58** | 25.80 |
| Dividend Distribution Tax | **-** | - | **7.24** | 4.19 |
| Provision for Income Tax (Net of Advance Tax of ₹ 198.88 Crores, Previous Year ₹ 149.08 Crores) | **-** | - | **7.17** | 3.18 |
| Provision for Wealth tax | **-** | - | **1.23** | 1.03 |
| Provision for Loyalty Program Reward Points (Note a) | **-** | - | **0.02** | - |
| **Total** | **11.98** | 49.51 | **86.96** | 94.57 |

**a Provision for 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** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Balance as per last financial statements | **-** | - |
| Add : Provision made during the year | **0.02** | - |
| **Balance at the end of the year** | **0.02** | - |

| **8 Short Term Borrowings** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| **Secured:** | | |
| Working Capital Loans repayable on demand from Banks | **963.55** | 855.96 |
| | **963.55** | 855.96 |
| **Unsecured:** | | |
| Under Buyer's Credit Arrangement | **49.87** | 38.07 |
| Intercorporate Deposits | | |
| From Related Parties | **0.26** | 0.42 |
| From Others | **1.86** | 1.50 |
| | **51.99** | 39.99 |
| **Total** | **1,015.54** | 895.95 |

# 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.

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

**b Rate of Interest**

i. Working Capital Loans from banks carry interest rates ranging from 9.70% to 15.25% per annum.
ii. Inter Corporate Deposits carry interest rates 12% and 12.25% per annum.

₹ in Crores

| **9 Trade Payables** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Creditors in respect of Goods and Services (Note a) | **472.69** | 503.85 |
| Acceptances | **191.79** | 94.47 |
| **Total** | **664.48** | 598.32 |

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.

₹ in Crores

| **10 Other Current Liabilities** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Current maturities of long-term borrowings (Note 5) | **156.48** | 166.97 |
| Interest accrued but not due on borrowings | **4.57** | 5.33 |
| Income received in advance | **1.00** | 2.38 |
| Advances from Customers | **14.48** | 15.93 |
| Payable to employees | **44.59** | 33.35 |
| Statutory dues including Provident Fund and Tax deducted at Source | **7.23** | 5.90 |
| Security Deposits | **6.85** | 3.81 |
| Investor Education and Protection Fund shall be credited by the following amount namely : | | |
| Unpaid dividend (Note a) | **0.49** | 0.33 |
| Book Overdraft | **0.44** | 1.49 |
| Others | **9.20** | 10.77 |
| **Total** | **245.33** | 246.26 |

a 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 01.04.2012 | Acquistion through Amalgamation | Adjustment due to Revaluation | Additions | Deduction | Other Adjustments | As on 31.03.2013 | As on 01.04.2012 | Adustment on Amalgamation | Adjustment due to Revaluation | For the year | Deductions | As on 31.03.2013 | As on 31.03.2013 | As on 31.03.2012 |
| Leasehold Land | 196.64 | - | 74.49 | 1.24 | 9.11 | - | 263.26 | - | - | - | - | - | - | 263.26 | 196.64 |
| **Own Assets** | | | | | | | | | | | | | | | |
| Freehold Land | 877.84 | - | 132.73 | 1.16 | 30.69 | - | 981.04 | - | - | - | - | - | - | 981.04 | 877.84 |
| Building | 562.78 | - | (79.05) | 85.70 | 5.38 | 6.26 | 570.31 | 143.71 | - | 44.85 | 19.61 | 4.05 | 204.12 | 366.19 | 419.07 |
| Plant and Machinery | 1,843.04 | - | (64.62) | 141.28 | 30.44 | 11.09 | 1,900.35 | 1,106.37 | - | 10.36 | 123.33 | 20.85 | 1,219.21 | 681.14 | 736.67 |
| Furniture and Fixtures | 22.30 | - | - | 6.35 | 0.16 | 0.04 | 28.53 | 9.02 | - | - | 1.60 | 0.10 | 10.52 | 18.01 | 13.28 |
| Office Equiptments | 9.27 | - | - | 2.96 | 0.47 | 0.02 | 11.78 | 3.83 | - | - | 0.49 | 0.07 | 4.25 | 7.53 | 5.44 |
| Leasehold Improvements | 4.72 | - | - | 2.46 | 1.48 | 0.19 | 5.89 | 0.19 | - | - | 0.56 | 0.23 | 0.52 | 5.37 | 4.53 |
| Vehicles | 16.03 | - | - | 5.97 | 2.68 | - | 19.32 | 6.89 | - | - | 2.80 | 1.90 | 7.79 | 11.53 | 9.14 |
| **Total** | **3,532.62** | **-** | **63.55** | **247.12** | **80.41** | **17.60** | **3,780.48** | **1,270.01** | **-** | **55.21** | **148.39** | **27.20** | **1,446.41** | **2,334.07** | **2,262.61** |
| Previous Year | 3,126.38 | 363.16 | - | 259.08 | 220.27 | 4.27 | 3,532.62 | 1,148.56 | 15.82 | - | 128.24 | 22.61 | 1,270.01 | 2,262.61 | 1,977.82 |

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 ₹ 500/-) in respect of shares held in Co-Operative Housing Society.

c During the year, Gross block was revalued by external valuers which resulted in a net increase of ₹ 8.34 Crores and credited to revaluation reserve.Gross Block was previously revalued on 1st April 2009 which resulted in a net increase of ₹ 56.15 Crores and Land Block was revalued on 31st March 2011 which resulted in an increase of ₹ 230.98 Crores.

d Deduction of Freehold Land includes transfer of Land ₹ 2.72 Crores (Previous year ₹ 99.09 Crores) to Land held for Sale.

e Deduction of Gross Block includes Capital Subsidy of ₹ 2.76 Crores (Previous year ₹ Nil ) received during the year.

f Captial Work in Progress is net of Capital Subsidy of ₹ 2.66 Crores (Previous year ₹ Nil)

g Details of Borrowing Cost and Exchange Differences:

₹ in Crores

| Particulars | Other Adjustements | | Addition in Capital Work in Progress | |
|---|---|---|---|---|
| | For the year | | | |
| | **2012-2013** | 2011-2012 | **2012-2013** | 2011-2012 |
| Borrowing Cost | **14.36** | 4.20 | **4.95** | 12.94 |
| Exchange Differences | **3.24** | 0.07 | **0.74** | 0.23 |
| **Total** | **17.60** | 4.27 | **5.69** | 13.17 |

# Notes to financial statements

## 12 Intangible Assets

₹ in Crores

| Particulars | Gross Block | | | | | | Amortization | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As on 01.04.2012 | Acquistion through Amalgamation | Additions | Disposals | Other Adjustments | As on 31.03.2013 | As on 01.04.2012 | For the year | Deductions | As on 31.03.2013 | As on 31.03.2013 | As on 31.03.2012 |
| **Own Assets** | | | | | | | | | | | | |
| Patent and Technical Knowhow | 0.33 | - | 0.14 | - | - | 0.47 | 0.20 | 0.07 | - | 0.27 | 0.20 | 0.13 |
| Computer Software | 24.60 | - | 0.87 | - | 0.01 | 25.48 | 18.28 | 1.81 | - | 20.09 | 5.39 | 6.32 |
| **Total** | **24.93** | **-** | **1.01** | **-** | **0.01** | **25.95** | **18.48** | **1.88** | **-** | **20.36** | **5.59** | **6.45** |
| Previous Year | 24.65 | 0.01 | 1.23 | 0.96 | - | 24.93 | 17.48 | 1.92 | 0.92 | 18.48 | 6.45 | 7.17 |

### a Dtails of Borrowing Cost and Exchange Differences:

₹ in Crores

| Particulars | Other Adjustements | |
|---|---|---|
| | For the year | |
| | **2012-2013** | 2011-2012 |
| Borrowing Cost | **0.01** | - |
| **Total** | **0.01** | - |

## 13 Non Current Investments

₹ in Crores

| Particulars | Face Value Per Share (₹) | No of Shares | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|---|
| **Investment Property (at cost less accumulated depreciation)** | | | | |
| Cost of Office Building given on Operating Lease | | | **13.70** | 13.70 |
| Less: Accumulated Depreciation | | | **3.35** | 3.13 |
| | | | **10.35** | 10.57 |
| **Trade Investments (Valued at Cost unless stated otherwise)** | | | | |
| **Investments in Government Trust Securities** | | | | |
| National Saving Certificates | | | **(₹ 23,000/-)** | (₹ 23,000/-) |
| (Lodged with Sales Tax and Government Authorities) | | | | |
| **Investments in Fully Paid Equity Shares** | | | | |
| **In Subsidiaries** | | | | |
| **Quoted** | | | | |
| Anup Engineering Limited** | 100 | 300,000 | **3.50** | 3.50 |
| **Unquoted** | | | | |
| Arvind Brands and Retail Limited | 2 | 52,000,000 | **249.10** | 189.10 |
| (2,000,000 Shares purchased during the year) | | | | |
| Asman Investments Limited | 10 | 65,500 | **0.07** | 0.07 |
| (At cost less provision for other than temporary diminution of ₹ 6.48 Crores, Previous Year ₹ 6.48 Crores) | | | | |
| Syntel Telecom Limited | 10 | 50,000 | **0.05** | 0.05 |
| Arvind Accel Limited | 10 | 50,000 | **0.05** | 0.05 |
| Arvind Infrastructure Limited | 10 | 1,050,000 | **10.05** | 0.05 |
| (1,000,000 Shares purchased during the year) | | | | |
| 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 Spinning Park Private Limited | 10 | 10,000 | **0.01** | - |
| (Shares acquired during the year) | | | | |

# Notes to financial statements

**13 Non Current Investments** (Contd.)

₹ in Crores

| Particulars | Face Value Per Share (₹) | No of Shares | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|---|
| Arvind Processing Park Private Limited | 10 | 10,000 | **0.01** | - |
| (Shares acquired during the year) | | | | |
| **In Joint ventures (Unquoted)** | | | | |
| Arudrama Developments Private Limited | 100 | 50,000 | **22.00** | 22.00 |
| Tommy Hilfiger Arvind Fashions Private Limited | 10 | 11,461,839 | **31.55** | 13.50 |
| (2,482,406 shares purchased during the year) | | | | |
| 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 |
| **In Joint ventures Subsidiaries (Unquoted)** | | | | |
| Arvind Goodhill Suit Manufacturing Private Limted | 10 | 10,200 | **0.01** | - |
| (Shares acquired during the year) | | | | |
| Arvind OG Nonwowen Private Limited | 10 | 10,000 | **0.01** | - |
| (Shares acquired during the year) | | | | |
| Arvind PD Composites Private Limited | 10 | 58,650 | **4.85** | 3.12 |
| (17,340 Shares acquired during the year) | | | | |
| Arvind Niloy Exports Private Limited | 100 Taka | 28,000 | **0.19** | - |
| (Shares acquired during the year) | | | | |
| **In Limited Liability Partnership (Unquoted)** | | | | |
| Arvind and Smart Value Homes LLP | | | **61.95** | 61.15 |
| **Others** | | | | |
| Ahmedabad Cotton Merchants' Co-operative Shops and Warehouses Society Limited | 10 | 10 | **(₹ 2,500/-)** | (₹ 5,000/-) |
| (10 shares sold during the year) | | | | |
| Gujarat Cloth Dealers Co-operative Shops and Warehouses Society Limited | 10 | 10 | **(₹ 1,000/-)** | (₹ 1,000/-) |
| Amazon Textile Private Limited | 10 | 50,000 | **0.87** | 1.69 |
| (50,000 shares sold during the year) | | | | |
| **Other Investments (Valued at Cost)** | | | | |
| **In Quoted Equity Shares** | | | | |
| Atul Limited | 10 | 773,641 | **10.41** | 10.41 |
| Amol Decalite Limited** | 10 | 16,500 | **0.06** | 0.06 |
| | | | **403.35** | 313.36 |
| **Share Application Money** | | | **79.16** | 13.18 |
| **Total** | | | **492.86** | 337.11 |

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

| | | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|
| a | Aggregate amount of quoted investments | **13.97** | 13.97 |
| | Market value of quoted investments | **26.72** | 18.37 |
| | Aggregate amount of unquoted investments | **389.38** | 299.39 |
| | Value of investment property | **10.35** | 10.57 |
| | Aggregate provision for diminution in value of investments | **6.48** | 6.48 |
| | ** Listed but not quoted and book value is taken as market value. | | |
| b | **Disclosure as per AS 13 - Accounting for Investments** | | |
| | Long Term Investments | **403.35** | 313.36 |
| | Current Investments | **-** | - |
| | **Total** | **403.35** | 313.36 |

# Notes to financial statements

₹ in Crores

| 14 Loans and Advances (Unsecured, Considered good unless otherwise stated) | Long Term: As At March 31, 2013 | Long Term: As At March 31, 2012 | Short Term: As At March 31, 2013 | Short Term: As At March 31, 2012 |
|---|---|---|---|---|
| Capital Advances | **66.31** | 75.10 | **-** | - |
| Security Deposits | **24.07** | 21.93 | **3.79** | - |
| Loans: | | | | |
| To Related Parties | **-** | - | **82.48** | 39.30 |
| To Employees | **4.61** | 5.16 | **1.74** | 1.66 |
| To Others | **-** | - | **23.00** | 22.54 |
| MAT Credit Entitlement | **140.71** | 86.92 | **-** | - |
| Advances recoverable in cash or in kind or for value to be received | **-** | - | **111.48** | 129.60 |
| Prepaid Expenses | **0.23** | 0.10 | **8.80** | 4.01 |
| Balances with Government Authorities | **-** | - | **0.10** | 0.13 |
| CENVAT/Custom Duty Receivable | **-** | - | **18.85** | 17.51 |
| **Total** | **235.93** | 189.21 | **250.24** | 214.75 |

₹ in Crores

| 15 Other Assets | Non Current: As At March 31, 2013 | Non Current: As At March 31, 2012 | Current: As At March 31, 2013 | Current: As At March 31, 2012 |
|---|---|---|---|---|
| Non Current Bank Balances (Note 18) | **0.54** | 2.04 | **-** | - |
| Land held for Sale | **-** | - | **99.43** | 102.21 |
| Interest Accrued | **-** | - | **0.68** | 0.83 |
| Unbilled Revenue | **-** | - | **-** | 4.37 |
| Income Receivable | **-** | - | **11.54** | 15.65 |
| Receivable other than trade | **-** | - | **122.05** | 80.00 |
| Export Incentive Receivable | **-** | - | **59.49** | 53.11 |
| **Total** | **0.54** | 2.04 | **293.19** | 256.17 |

₹ in Crores

| 16 Inventories | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Raw Materials and Accessories | **219.70** | 246.68 |
| In Transit | **-** | 0.01 |
| Fuel | **2.63** | 2.56 |
| Stores and Spares | **49.86** | 40.20 |
| Work-in-Progress | **347.00** | 322.43 |
| Finished Goods | **225.05** | 101.09 |
| Finished Goods in Transit | **0.62** | 0.31 |
| By Product | **0.50** | - |
| Stock in Trade | **25.83** | 9.73 |
| Project Work in Progress | **5.21** | 3.45 |
| Waste | **1.56** | 1.96 |
| **Total** | **877.96** | 728.42 |

₹ in Crores

| 16 Inventories (Contd.) a Details of Inventory | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Raw Material and Accesories** | | |
| Cotton | **150.86** | 198.52 |
| Yarn | **48.38** | 32.96 |
| Fibre | **7.03** | 2.58 |
| Fabric | **6.49** | 6.63 |
| Accessories | **5.98** | 5.21 |
| Electronics | **0.96** | 0.78 |
| **Total** | **219.70** | 246.68 |
| **Work-in-Progress** | | |
| Fabric including Grey | **197.32** | 180.87 |
| Sizing/Yarn/Fibre | **115.87** | 108.65 |
| Electronics | **1.00** | 0.54 |
| Garments | **32.81** | 32.37 |
| **Total** | **347.00** | 322.43 |

# Notes to financial statements

₹ in Crores

| 16 Inventories (Contd.) | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Finished Goods** | | |
| Fabric | **205.30** | 80.00 |
| Garments | **14.51** | 17.86 |
| Yarn/Fibre | **5.16** | 3.07 |
| Electronics | **0.08** | 0.16 |
| **Total** | **225.05** | 101.09 |
| **Stock in Trade** | | |
| Fabric | **14.99** | 3.45 |
| Garments | **5.71** | 1.63 |
| Accessories | **-** | 0.08 |
| Electronics | **4.08** | 4.23 |
| Agri Products | **1.05** | 0.34 |
| **Total** | **25.83** | 9.73 |

₹ in Crores

| 17 Trade Receivables | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| (Unsecured, considered good unless otherwise stated) | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Considered Good | **58.50** | 28.32 |
| Considered doubtful | **0.27** | 0.04 |
| Less: Provision for Doubtful Debts | **(0.27)** | (0.04) |
| | **58.50** | 28.32 |
| Others | **383.92** | 377.23 |
| **Total** | **442.42** | 405.55 |

₹ in Crores

| 18 Cash and Bank Balances | Non Current As At March 31, 2013 | Non Current As At March 31, 2012 | Current As At March 31, 2013 | Current As At March 31, 2012 |
|---|---|---|---|---|
| **Cash and Cash Equivalents:** | | | | |
| **Cash on Hand** | **-** | - | **0.77** | 1.02 |
| **Cheques on Hand** | **-** | - | **(₹ 10,000/-)** | (₹ 15,000/-) |
| **Balances with Banks** | | | | |
| In Current Accounts | **-** | - | **11.65** | 16.70 |
| In Unpaid Dividend Accounts | **-** | - | **0.49** | 0.33 |
| In Exchange Earners Foreign Currency Account | **-** | - | **-** | 0.19 |
| In Cash Credit Account | **-** | - | **123.00** | 8.56 |
| In Saving Accounts | **-** | - | **(₹ 45,808/-)** | (₹ 45,808/-) |
| In Deposit Account with original maturity upto 3 months | **-** | - | **4.90** | - |
| | **-** | - | **140.81** | 26.80 |
| **Other Bank Balances:** | | | | |
| **In Deposits Accounts** | | | | |
| With original maturity more than 3 months but less than 12 months | **-** | - | **4.74** | 4.23 |
| With original maturity more than 12 months | **0.43** | 1.65 | **-** | 4.72 |
| Held as Margin Money | | | | |
| (Under lien with bank as Security for Guarantee Facility) | **0.11** | 0.39 | **5.05** | 3.62 |
| Lodged with Sales Tax Department | | - | **(₹ 20,000/-)** | (₹ 20,000/-) |
| | **0.54** | 2.04 | **9.79** | 12.57 |
| **Amount disclosed under the head "Other Non Current Assets"** (Note 15) | **0.54** | 2.04 | **-** | - |
| **Total** | **-** | - | **150.60** | 39.37 |

# Notes to financial statements

₹ in Crores

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **19 Contingent Liabilities** | | |
| (to the extent not provided for) | | |
| Bills Discounted | **117.59** | 111.40 |
| Claims against the Company not acknowledged as debts | **7.82** | 8.55 |
| Guarantees given by the Banks on behalf of the Company | **69.48** | 59.00 |
| Guarantees given by the Company to Banks on behalf of Subsidiaries/Joint Ventures | **398.99** | 355.83 |
| Disputed Demands in respect of | | |
| Excise/Custom Duty | **28.85** | 30.83 |
| Sales Tax | **20.37** | 20.37 |
| Income Tax | **19.04** | 18.11 |
| Service Tax | **0.84** | 1.19 |

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** | | |
| Capital Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | **80.77** | 52.39 |
| **Other Commitments** | **-** | - |

₹ in Crores

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **21 Revenue from Operations** | | |
| **Sale of Products** | | |
| Finished Goods and Stock-in-Trade | **3,690.09** | 3,315.89 |
| Less : Excise Duty | **14.85** | 17.75 |
| | **3,675.24** | 3,298.14 |
| **Sale of Services** | **4.04** | 8.90 |
| **Other Operating Revenues** | | |
| Gain/(Loss) on Forward Contracts | **(95.47)** | (1.26) |
| Export Incentives | **102.58** | 109.78 |
| Waste Sale | **69.07** | 55.68 |
| Others | **24.83** | 22.88 |
| **Total** | **3,780.29** | 3,494.12 |

₹ in Crores

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **a Details of Sales and Services** | | |
| **Sale of Products (Net of Excise Duty)** | | |
| Fabric | **3,084.32** | 2,803.21 |
| Garments | **489.08** | 438.35 |
| Grey Fabric | **7.46** | 4.83 |
| Yarn | **42.78** | 14.21 |
| Glass Fabric | **0.82** | - |
| Electronics Items | **38.57** | 36.86 |
| Agri Products | **12.03** | 0.62 |
| Accessories | **0.18** | 0.06 |
| | **3,675.24** | 3,298.14 |
| **Sale of Services** | | |
| Processing Income | **4.04** | 8.90 |
| | **4.04** | 8.90 |
| **Total** | **3,679.28** | 3,307.04 |
| **22 Other Income** | | |
| Interest Income | **24.26** | 15.56 |
| Dividend Income on: | | |
| Investments in Subsidiaries | **-** | 0.30 |
| Long Term Investments | **0.35** | 0.26 |
| Share of Profit from Arvind and Smart Value Homes LLP | **0.58** | 1.45 |
| Rent | **1.42** | 0.61 |
| Sundry Credit Balances Appropriated | **1.20** | 2.83 |
| Profit on Sale of Fixed Assets (Net) | **26.13** | 24.53 |
| Profit on Sale of Land held for Sale | **16.12** | 67.40 |
| Provision no longer required | **-** | 3.14 |
| Scrap Income | **12.02** | 10.46 |
| Miscellaneous Income | **11.38** | 7.45 |
| Prior Period Item | **-** | 1.82 |
| **Total** | **93.46** | 135.81 |
| **23 Cost of Materials and Accessories Consumed** | | |
| Stock at the beginning of the year | **246.68** | 294.28 |
| Purchases | **1,614.24** | 1,521.16 |
| | **1,860.92** | 1,815.44 |
| Less: Stock at the end of the year | **219.70** | 246.68 |
| **Total** | **1,641.22** | 1,568.76 |

# Notes to financial statements

₹ in Crores

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **a Materials and Accessories Consumed** | | |
| Cotton | **666.77** | 760.17 |
| Yarn | **660.55** | 555.59 |
| Fibre | **24.19** | 22.35 |
| Grey Cloth/Fabric | **224.92** | 160.04 |
| EPABX | **11.04** | 8.97 |
| Accessories | **53.75** | 61.64 |
| **Total** | **1,641.22** | 1,568.76 |
| **b Value of imported and indigenous materials consumed** | | |
| **Raw Materials and Accessories** | | |
| Imported | **280.01** | 133.86 |
| | **17.06%** | 8.53% |
| Indigenous | **1,361.21** | 1,434.90 |
| | **82.94%** | 91.47% |
| **Total** | **1,641.22** | 1,568.76 |

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **24 Purchase of Stock In Trade** | | |
| Cloth | **47.13** | 18.26 |
| Garments | **15.00** | 6.10 |
| Electronic Items | **12.23** | 12.21 |
| Accessories | **0.19** | 0.17 |
| Agri Products | **9.89** | 0.66 |
| **Total** | **84.44** | 37.40 |

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **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 | **225.05** | 101.09 |
| Stock-in-trade | **25.83** | 9.73 |
| Work-in-Progress | **347.00** | 322.43 |
| Project Work-in-Progress | **5.21** | 3.45 |
| Waste | **1.56** | 1.96 |
| | **604.65** | 438.66 |
| Stock at the beginning of the year | | |
| Finished Goods | **101.09** | 112.24 |
| Stock-in-trade | **9.73** | 8.09 |
| Work-in-Progress | **322.43** | 245.98 |
| Project Work-in-Progress | **3.45** | 2.74 |
| Waste | **1.96** | 1.30 |
| | **438.66** | 370.35 |

₹ in Crores

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **25 Changes in Inventories of Finished Goods, Work-in-progress and Stock in Trade** (Contd.) | | |
| Add : Adjusted on account of Amalgamation | | |
| Finished Goods | **-** | 22.21 |
| Work-in-Progress | **-** | 48.38 |
| Waste | **-** | 1.15 |
| | **438.66** | 442.09 |
| Excise Duty in Value of Stock - Increase / (Decrease) | **(0.02)** | 0.14 |
| **(Increase)/Decrease in stocks** | **(166.01)** | 3.57 |

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **26 Employee Benefits Expense** | | |
| Salaries and Wages | **387.67** | 318.69 |
| Contribution to Provident Fund and Other Funds | **46.84** | 34.68 |
| Staff Welfare Expenses | **7.71** | 7.14 |
| **Total** | **442.22** | 360.51 |

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **27 Finance Costs** | | |
| Interest | | |
| On Term Loans | **87.27** | 92.67 |
| On working capital loans | **82.22** | 81.62 |
| Others | **49.86** | 37.12 |
| Interest on shortfall of advance tax | **-** | 0.44 |
| Exchange Difference to the extent considered as an adjustment to Borrowing Costs | **25.04** | 33.92 |
| Other Borrowing Costs | **0.10** | 1.91 |
| Bank Charges | **23.95** | 22.57 |
| **Total** | **268.44** | 270.25 |

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **28 Depreciation / Amortization Expense** | | |
| Depreciation of Tangible Assets | **148.39** | 128.24 |
| Amortization of Intangible Assets | **1.88** | 1.92 |
| Depreciation of Investment Property | **0.22** | 0.35 |
| **Total** | **150.49** | 130.51 |

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **29 Other Expenses** | | |
| Power and fuel | **406.13** | 349.24 |
| Stores Consumed | **307.32** | 251.01 |
| Insurance | **2.91** | 3.12 |
| Processing Charges | **73.75** | 51.65 |
| Printing, Stationery & Communication | **7.47** | 7.45 |
| Rent | **56.70** | 51.78 |

# Notes to financial statements

₹ in Crores

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **29 Other Expenses** (Contd.) | | |
| Commission, Brokerage and Discounts | **35.91** | 32.08 |
| Rates and taxes | **11.18** | 5.15 |
| Repairs: | | |
| To Buildings | **1.40** | 0.97 |
| To Machineries | **89.04** | 91.47 |
| To others | **4.29** | 4.68 |
| Freight, Insurance and Clearing Charges | **30.26** | 23.24 |
| Excise Duty borne by Company | **0.21** | 0.39 |
| Legal and Professional Fees | **17.62** | 14.02 |
| Conveyance and Travelling Expenses | **15.48** | 12.22 |
| Advertisement and Publicity | **12.99** | 12.48 |
| Directors' sitting fees | **0.02** | 0.05 |
| Miscellaneous Labour Charges | **21.83** | 25.30 |
| Provision for Doubtful Debts | **0.23** | - |
| Bad Debts written off | **0.03** | 0.32 |
| Sundry Debits written off | **0.49** | 1.19 |
| Fixed Assets Written off | **0.51** | 2.01 |
| Provision for Diminution in Value of Investment in Subsidiary | **-** | 6.48 |
| Payments to the auditor as | | |
| (a) Auditor | **0.63** | 0.63 |
| (b) For tax audit matters | **0.14** | 0.14 |
| (c) For taxation matters | **0.04** | 0.04 |
| (d) For Company law matters | **0.24** | 0.24 |
| (e) For Other Certification work | **0.46** | 0.41 |
| (f) For reimbursement of expenses | **0.05** | 0.04 |
| Exchange Difference (Net) | **14.52** | 18.17 |
| Loans to Subsidiaries Written Off | **-** | 7.91 |
| Less : Adjusted against Provision for doubtful Loans | **-** | (7.91) |
| | **-** | - |
| Loss on Sale of Investments | **0.02** | 34.96 |
| Less : Adjusted against Provision for diminution in value of Investments | **-** | (33.39) |
| | **0.02** | 1.57 |
| Goodwill on Amalgamation Written Off | **-** | 45.49 |
| Charge on account of alignment of accounting policies of Amalgamated Company with the Company | **-** | 10.82 |
| | **-** | 56.31 |
| Less : Amount Transferred from Opening balance of Surplus in Statement of Profit and Loss | **-** | (56.31) |
| | **-** | - |
| Miscellaneous Expenses | **51.79** | 41.50 |
| **Total** | **1,163.66** | 1,009.04 |

₹ in Crores

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **a Value of imported and indigenous Spare Parts consumed** | | |
| Imported | **21.31** | 17.10 |
| | **23.93%** | 18.69% |
| Indigenous | **67.73** | 74.37 |
| | **76.07%** | 81.31% |
| **Total** | **89.04** | 91.47 |
| **30 Extraordinary Item** | | |
| Profit on Sale of Investment in Joint Venture | **-** | 251.80 |
| **Total** | **-** | 251.80 |
| **31 CIF Value of Imports** | | |
| Capital Goods | **92.91** | 157.72 |
| Raw Materials & Accessories | **287.05** | 123.37 |
| Dyes & Chemicals, Stores and Spares Parts | **73.87** | 61.27 |
| **32 Expenditure in Foreign Currency** | | |
| Interest | **17.59** | 14.64 |
| Commission | **5.70** | 7.11 |
| Professional and Consultation Fees | **4.11** | 3.07 |
| Other Matters | **25.58** | 28.59 |
| **Total** | **52.98** | 53.41 |
| **33 Earning in Foreign Currency** | | |
| Export of goods calculated on F.O.B. basis | **1,444.94** | 1,487.10 |
| Better Cotton Grant | **2.52** | 2.45 |
| **34 Amount remitted during the year in foreign currency on account of dividend :** | | |
| i) Amount remitted | **(₹ 2,350/-)** | - |
| ii) Number of shares held of ₹ 10 each | **2350** | - |
| iii) Number of Non-resident Shareholders | **7** | - |
| iv) Year to which dividend relates | **2011-2012** | - |

# Notes to financial statements

**35 Earning Per Share (EPS) :**

₹ in Crores, unless otherwise stated

| Particulars | | **Year ended March 31, 2013** | Year ended March 31, 2012 |
|---|---|---|---|
| Profit after Tax before Extra Ordinary Item | | **261.22** | 236.29 |
| Add : Extra Ordinary Item (Net of Tax of ₹ 53.86 Crores) | | **-** | 197.94 |
| Profit after Extra Ordinary Item available to equity shareholders | | **261.22** | 434.23 |
| **Weighted average no. of Equity Shares** | | | |
| For Basic EPS | Nos. | **258,043,069** | 257,983,329 |
| For Diluted EPS | Nos. | **258,048,828** | 257,983,329 |
| Nominal value of Equity Shares | ₹ | **10.00** | 10.00 |
| **Basic Earning Per Share** | | | |
| Before Extra Ordinary Item | ₹ | **10.12** | 9.16 |
| After Extra Ordinary Item | ₹ | **10.12** | 16.83 |
| **Diluted Earning Per Share** | | | |
| Before Extra Ordinary Item | ₹ | **10.12** | 9.16 |
| After Extra Ordinary Item | ₹ | **10.12** | 16.83 |
| **Weighted average number of Equity Shares** | | | |
| No. of Shares for Basic EPS | | **258,043,069** | 257,983,329 |
| Dilutive Effect of ESOS | | **5,759** | - |
| Weighted average number of shares considered for calculating Diluted EPS | | **258,048,828** | 257,983,329 |

**36 Employee Share Based Payment:**

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

| **Scheme** | **ESOS 2008 Tranche - II** |
|---|---|
| Date of Grant | April 21, 2011 |
| Number of options granted | 200,000 |
| Exercise Price per option | ₹ 73.70 |
| Date of vesting | 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. |
| Method of settlement | 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-II** | |
| | **2012-2013** | 2011-2012 |
| **Options** | | |
| Outstanding at the beginning of year | **200,000** | - |
| Granted During the year | **-** | 200,000 |
| Lapsed during the year | **-** | - |
| Exercised during the year | **-** | - |
| Vested but not exercised at the end of year | **66,660** | - |
| Not vested at the end of year | **133,340** | 200,000 |
| **Weighted Average Exercise Price per Option** | **₹ 73.70** | ₹ 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-II** | | |
| | **Vesting on April 30,** | | |
| | 2012 | 2013 | 2014 |
| Estimated Value of Stock Options (₹) | 32.45 | 39.47 | 42.63 |
| Share Price at Grant Date (₹) | 73.70 | 73.70 | 73.70 |
| Exercise Price (₹) | 73.70 | 73.70 | 73.70 |
| Expected Volatility (%) | 62.46% | 65.93% | 62.19% |
| Dividend Yield Rate (%) | 0.00% | 0.00% | 0.00% |
| Expected Life of Options (in years) | 2.53 | 3.53 | 4.53 |
| Risk Free Rate of Interest (%) | 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, 2013** | Year ended March 31, 2012 |
|---|---|---|
| Profit before Extra Ordinary Item available to equity shareholders | **261.22** | 236.29 |
| Less : Amortization of Compensation Cost (pro forma) | **0.23** | 0.43 |
| Profit before Extra Ordinary Item available to equity shareholders | **260.99** | 235.86 |
| Add : Extra Ordinary Item | **-** | 197.94 |

# Notes to financial statements

Contd.

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Profit after Extra Ordinary Item and amortization of Compensation Cost (pro forma) | **260.99** | 433.80 |
| **Earning Per Share - (Basic)** | | |
| Profit before Extra Ordinary Item | | |
| - as reported | **10.12** | 9.16 |
| - pro forma | **10.11** | 9.14 |
| Profit after Extra Ordinary Item | | |
| - as reported | **10.12** | 16.83 |
| - pro forma | **10.11** | 16.82 |
| **Earning Per Share - (Diluted)** | | |
| Profit before Extra Ordinary Item | | |
| - as reported | **10.12** | 9.16 |
| - pro forma | **10.11** | 9.14 |
| Profit after Extra Ordinary Item | | |
| - as reported | **10.12** | 16.83 |
| - pro forma | **10.11** | 16.82 |

## 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 Statement of Profit and Loss for Defined Contribution Plans:

₹ in Crores

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Provident Fund | **16.68** | 14.35 |
| Contributory Pension Scheme | **0.35** | - |
| Superannuation Fund | **2.21** | 2.56 |

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 Statement of Profit and Loss for Contribution to State Plans:

₹ in Crores

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Employee's State Insurance | **7.22** | 6.35 |
| Employee's Pension Scheme | **9.97** | 8.63 |

### (iii) Defined Benefit Plans

#### (a) Leave Encashment/Compensated Absences

Salaries, Wages and Bonus include ₹ 5.36 Crores (₹ 4.24 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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Change in the Benefit Obligations :** | | |
| Liability at the beginning of the year | **64.51** | 43.31 |
| Add : Adjustment on amalgamation | **-** | 14.16 |
| Liability at the beginning of the year after amalgamation | **64.51** | 57.47 |
| Interest Cost | **4.05** | 4.95 |
| Current Service Cost | **4.73** | 4.80 |
| Benefits Paid | **(5.64)** | (4.16) |
| Actuarial Loss/(Gain) | **10.21** | 1.67 |
| Other Adjustment | **-** | (0.22) |
| Liability at the end of the year | **77.86** | 64.51 |
| **Fair Value of Plan Assets :** | | |
| Fair Value of Plan Assets at the beginning of the year | **61.24** | 41.47 |
| Add : Adjustment on amalgamation | **-** | 13.62 |
| Fair Value of Plan Assets at the beginning of the year after amalgamation | **61.24** | 55.09 |
| Expected Return on Plan Assets | **3.69** | 4.70 |
| Contributions | **8.91** | 6.08 |
| Benefits Paid | **(5.64)** | (4.16) |
| Actuarial gain/(loss) on Plan Assets | **2.31** | (0.14) |
| Other Adjustment | **-** | (0.33) |
| Fair Value on Plan Assets at the end of the year | **70.51** | 61.24 |
| Total Actuarial (Loss) /Gain to be recognized | **(7.90)** | (1.81) |
| **Actual Return on Plan Assets :** | | |
| Expected Return on Plan Assets | **3.69** | 4.70 |
| Actuarial gain/(loss) on Plan Assets | **2.31** | (0.14) |
| Actual Return on Plan Assets | **6.00** | 4.56 |
| **Amount Recognized in the Balance Sheet :** | | |
| Liability at the end of the year | **77.86** | 64.51 |
| Fair Value of Plan Assets at the end of the year | **70.51** | 61.24 |
| Amount recognized in the Balance Sheet under "Provision for Employee Benefits" | **7.35** | 3.27 |

# Notes to financial statements

**(b) Contribution to Gratuity Funds** (Contd.)

₹ in Crores

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Expense Recognized in the Statement of Profit and Loss:** | | |
| Interest Cost | **4.05** | 4.95 |
| Current Service Cost | **4.73** | 4.80 |
| Expected Return on Plan Assets | **(3.69)** | (4.70) |
| Net Actuarial loss/(gain) to be recognized | **7.90** | 1.81 |
| Expense recognized in the Statement of Profit and Loss under "Employee Benefits Expense" | **12.99** | 6.86 |
| **Reconciliation of the Liability Recognized in the Balance Sheet :** | | |
| Opening Net Liability | **3.27** | 2.38 |
| Expense Recognized | **12.99** | 6.86 |
| Contribution by the Company | **(8.91)** | (6.08) |
| Other Adjustment | **-** | 0.11 |
| Amount recognized in the Balance Sheet under " Provision for Employee Benefits " | **7.35** | 3.27 |

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:**

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

**Investment Pattern:**

| Particulars | % Invested in Current Year | % Invested in Previous Year |
|---|---|---|
| Central Government Securities | **0.36** | 0.67 |
| State Government Securities/ Securities guaranteed by State/Central Government | **0.43** | 0.47 |
| Public Sector/Financial Institutional Bonds | **8.01** | 9.55 |
| Portfolio with Mutual Fund | **90.53** | 88.64 |
| Others (including bank balances) | **0.67** | 0.67 |
| **Total** | **100.00** | 100.00 |

## 38 SEGMENT REPORTING

### (A) Primary Segment (Business Segment)

₹ in Crores

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Segment Revenue** | | |
| a) Textiles | **3713.35** | 3426.59 |
| b) Brands and Retail | **25.19** | 19.91 |
| c) Others | **63.17** | 52.88 |
| d) Unallocable | **-** | - |
| **Total Sales** | **3801.71** | 3499.38 |
| Less :Inter Segment Revenue | **21.42** | 5.26 |
| **Net Sales** | **3780.29** | 3494.12 |
| **Segment Results** | | |
| Segment Results before Interest & Finance Cost | | |
| a) Textiles | **529.56** | 532.30 |
| b) Brands and Retail | **(10.52)** | (7.44) |
| c) Others | **(3.26)** | 0.06 |
| d) Unallocable | **13.88** | (18.38) |
| **Total Segment Results** | **529.66** | 506.54 |
| Less : Interest & Finance Cost | **268.44** | 270.25 |
| **Profit from Ordinary Activities** | **261.22** | 236.29 |
| Extra Ordinary Items (Net) | **-** | 251.80 |
| **Profit before Tax** | **261.22** | 488.09 |
| **Other Information** | | |
| **Segment Assets** | | |
| a) Textiles | **3660.27** | 3312.45 |
| b) Brands and Retail | **47.75** | 21.15 |
| c) Others | **64.27** | 60.17 |
| d) Unallocable | **1511.43** | 1227.01 |
| **Total Assets** | **5283.72** | 4620.78 |
| **Segment Liabilities** | | |
| a) Textiles | **660.24** | 695.25 |
| b) Brands and Retail | **13.06** | 4.17 |
| c) Others | **22.68** | 17.96 |
| d) Unallocable | **169.11** | 117.13 |
| **Total Liabilities** | **865.09** | 834.51 |
| **Segment Depreciation/Impairment** | | |
| a) Textiles | **142.82** | 123.52 |
| b) Brands and Retail | **0.77** | 0.40 |
| c) Others | **0.67** | 0.45 |
| d) Unallocable | **6.23** | 6.14 |
| **Total Depreciation/Impairment** | **150.49** | 130.51 |

# Notes to financial statements

**(A) Primary Segment (Business Segment)** (Contd.) ₹ in Crores

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Capital Expenditure** | | |
| a) Textiles | **280.98** | 338.37 |
| b) Brands and Retail | **5.37** | 9.21 |
| c) Others | **-** | 1.92 |
| d) Unallocable | **0.61** | 13.40 |
| **Total Capital Expenditure** | **286.96** | 362.90 |
| **Non cash expenses other than Depreciation** | | |
| a) Textiles | **1.04** | 3.38 |
| b) Brands and Retail | **0.10** | 0.00 |
| c) Others | **-** | 0.00 |
| d) Unallocable | **0.12** | 14.53 |
| **Total Non cash expenses other than Depreciation** | **1.26** | 17.91 |

**(B) Secondary Segment (Geographical by Customers)**

| | | |
|---|---|---|
| **Segment Revenue** | | |
| a) In India | **2335.35** | 2007.02 |
| b) Outside India | **1444.94** | 1487.10 |
| **Total Sales** | **3780.29** | 3494.12 |
| **Carrying Cost of Assets by location of Assets** | | |
| a) In India | **5166.37** | 4474.91 |
| b) Outside India | **117.35** | 145.87 |
| **Total** | **5283.72** | 4620.78 |
| **Addition to Assets** | | |
| a) In India | **286.96** | 362.90 |
| b) Outside India | **-** | - |
| **Total** | **286.96** | 362.90 |

**Notes:**

1. The Company has considered business segment as the primary reporting segment. Segments have been identified taking into account the nature of the products and services, differential risks and returns, the Organizational structure and internal reporting system. Consequently, the geographical segment has been considered as a secondary segment.
2. The business segment comprise of the following:
   **Textiles :** Fabric, Yarn and Garments
   **Brands and Retail :** Branded Garments and Apparels
   **Others :** EPABX Systems (Electronics), Construction and Project Activity
3. Geographical segment is considered based on sales within India and outside India.
4. 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 :

**a Name of Related Parties and Nature of Relationship :**

| | |
|---|---|
| Asman Investment Limited | Subsidiary Company |
| The Anup Engineering Limited | Subsidiary Company |
| Arvind Lifestyle Brands Limited | Subsidiary Company |
| Arvind Accel Limited | Subsidiary Company |
| Syntel Telecom Limited | Subsidiary Company |
| Arvind Infrastructure Limited | Subsidiary Company |
| Arvind Brands and Retail Limited | Subsidiary Company |
| Arvind Envisol Private Limited | Subsidiary Company |
| Arvind Worldwide Inc., USA | Subsidiary Company |
| Arvind Worldwide (M) Inc., Mauritius | Subsidiary Company |
| Arvind Overseas (M) Limited, Mauritius | Subsidiary Company |
| Arvind Spinning Limited, Mauritius | Subsidiary Company |
| Arvind Textile Mills Limited, Bangladesh | Subsidiary Company |
| Arvind Spinning Park Private Limited | Subsidiary Company |
| Arvind Processing Park Private Limited | Subsidiary Company |
| Arvind Hebbal Homes Private Limited | Subsidiary Company |
| Arya Omnitalk Wireless Solutions Private Limited | Joint Venture |
| Tommy Hilfiger Arvind Fashions Private Limited | Joint Venture |
| Arya Omnitalk Radio Trunking Services Private Limited | Joint Venture |
| Arudrama Developers Private Limited | Joint Venture |
| Arvind PD Composites Private Limited | Joint Venture Subsidiary Company |
| Arvind Goodhill Suit Manufacturing Private Limited | Joint Venture Subsidiary Company |
| Arvind Niloy Exports Private Limited, Bangladesh | Joint Venture Subsidiary Company |
| Arvind OG Nonwovens Private Limited | Joint Venture Subsidiary Company |
| Arvind Bsafal Homes LLP | Limited Liability Partnership |
| Ahmedabad East Infrastructure LLP | Limited Liability Partnership |
| Arvind & Smart Value Homes LLP | Limited Liability Partnership |
| Aura Securities Private Limited | Company under the control of Key Managerial Personnel |
| Amplus Capital Advisors Private Limited | Company under the control of Key Managerial Personnel |
| Shri Sanjay S. Lalbhai, Chairman and Managing Director | Key Management Personnel |
| Shri Jayesh K. Shah, Director & Chief Financial Officer | Key Management Personnel |
| Shri Punit S. Lalbhai | Key Management Personnel |
| Shri Kulin S. Lalbhai | Key Management Personnel |
| Shri Darshil J. Shah, Son of Director & Chief Financial Officer | Relative of Key Management Personnel |

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

# Notes to financial statements

**b Transactions and Balances :**

₹ in Crores

| Particulars | Subsidiary Companies | | Key Management Personnel and relatives | | Joint Venture/ Limited Liability Partnership | | Company under the control of Key Managerial Personnel | |
|---|---|---|---|---|---|---|---|---|
| | Year ended | | Year ended | | Year ended | | Year ended | |
| | **March 31, 2013** | March 31, 2012 | **March 31, 2013** | March 31, 2012 | **March 31, 2013** | March 31, 2012 | **March 31, 2013** | March 31, 2012 |
| **Transactions** | | | | | | | | |
| Purchase of Goods and Materials | **8.50** | 4.93 | | | | | | |
| Purchase of Fixed Assets | **11.80** | 4.07 | | | | | | |
| Sales of Goods and Materials | **30.33** | 122.86 | | | **11.88** | 7.10 | | |
| Sale of Fixed Assets | **7.39** | - | | | **-** | 41.24 | | |
| Rendering of Services | **0.32** | 0.21 | | | **3.24** | 1.96 | | |
| Remuneration | | | **8.98** | 5.40 | | | | |
| Receiving of Services | **8.91** | 7.78 | | | | | | |
| Interest Expense | | | | | | | **0.45** | 0.63 |
| Other Expenses | **1.10** | 0.60 | | | **0.04** | 0.20 | | |
| Debit Balance Written off | **-** | 0.02 | | | | | | |
| Loan Written off | **-** | 7.91 | | | | | | |
| Interest Income | **19.92** | 10.14 | | | **0.42** | 0.44 | | |
| Other Income | **0.63** | - | | | **-** | 0.01 | **0.02** | - |
| Loan Given/(Repaid) (Net) | **40.33** | (6.53) | | | | | **(0.16)** | (0.06) |
| Adjustment due to Scheme of Arrangement | **-** | (132.10) | | | **-** | 22.00 | | |
| Share Application Money Given | **44.05** | 5.18 | | | **-** | 8.00 | | |
| Diminuation in value of Shares | **-** | 6.48 | | | **-** | - | | |
| Investments (Net) | **71.97** | (34.81) | | | **18.85** | 61.90 | | |
| **Balances as at year end** | | | | | | | | |
| Trade and Other Receivable | **92.64** | 83.54 | | | **4.95** | 3.45 | **(₹ 22,795)** | - |
| Receivable/(Payable) in respect of Loans | **82.48** | 39.30 | | | | | **(0.26)** | 0.42 |
| Trade and Other Payable | **15.43** | 9.47 | | | **0.54** | - | | |

**c Disclosure in respect of Related Party Transactions :**

₹ in Crores

| **Nature of Transactions** | **Year ended March 31, 2013** | Year ended March 31, 2012 |
|---|---|---|
| **Purchase of Goods and Materials** | | |
| Arvind Lifestyle Brands Limited | **8.34** | 4.34 |
| Asman Investment Limited | **0.02** | - |
| Arvind Accel Limited | **0.14** | 0.59 |
| **Purchase of Fixed Assets** | | |
| The Anup Engineering Limited | **0.16** | 0.05 |
| Arvind Accel Limited | **1.26** | 4.02 |
| Arvind Envisol Private Limited | **10.38** | - |
| **Sales of Goods and Materials** | | |
| Asman Investment Limited | **0.52** | 88.10 |
| Arvind Lifestyle Brands Limited | **29.65** | 34.70 |
| Arvind PD Composites Private Limited | **0.12** | - |
| The Anup Engineering Limited | **0.04** | 0.06 |
| Arya Omnitalk Wireless Solutions Private Limited | **8.24** | 5.94 |
| Tommy Hilfiger Arvind Fashions Private Limited | **3.64** | 1.16 |
| **Sale of Fixed Assets** | | |
| Arvind Infrastructure Limited | **6.04** | - |
| Arvind PD Composites Private Limited | **1.35** | - |
| Arvind & Smart Value Homes LLP | **-** | 41.24 |

**c Disclosure in respect of Related Party Transactions :** (Contd.)

₹ in Crores

| **Nature of Transactions** | **Year ended March 31, 2013** | Year ended March 31, 2012 |
|---|---|---|
| **Rendering of Services** | | |
| Arya Omnitalk Wireless Solutions Private Limited | **1.26** | 1.68 |
| Arya Omnitalk Radio Trunking Services Private Limited | **1.98** | - |
| Arvind Bsafal Homes LLP | **-** | 0.20 |
| VF Arvind Brands Private Limited | **0.00** | 0.10 |
| Arvind Lifestyle Brands Limited | **0.32** | 0.21 |
| **Remuneration** | | |
| Shri Sanjay S. Lalbhai, Chairman and Managing Director | **4.70** | 2.90 |
| Shri Jayesh K. Shah, Director & Chief Financial Officer | **3.03** | 2.24 |
| Shri Punit S. Lalbhai | **0.57** | 0.24 |
| Shri Kulin S. Lalbhai | **0.58** | - |
| Shri Darshil J. Shah, Son of Director & Chief Financial Officer | **0.10** | 0.02 |
| **Receiving of Services** | | |
| Arvind Worldwide Inc., USA | **8.91** | 7.78 |

# Notes to financial statements

c **Disclosure in respect of Related Party Transactions :** (Contd.)

₹ in Crores

| Nature of Transactions | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Interest Expense** | | |
| Aura Securities Private Limited | **0.45** | 0.63 |
| **Other Expenses** | | |
| Asman Investment Limited | **0.80** | 0.60 |
| Arvind Lifestyle Brands Limited | **0.30** | - |
| Arya Omnitalk Wireless Solutions Private Limited | **0.04** | 0.19 |
| Syntel Telecom Limited | **-** | 0.01 |
| **Debit Balance Written off** | | |
| Asman Investment Limited | **-** | 0.02 |
| **Loan Written off** | | |
| Arvind Overseas (M) Limited, Mauritius | **-** | 7.91 |
| **Interest Income** | | |
| The Anup Engineering Limited | **0.20** | 0.54 |
| Arvind Lifestyle Brands Limited | **11.17** | 8.32 |
| Arvind Accel Limited | **2.40** | 1.09 |
| Arvind Envisol Private Limited | **0.01** | - |
| Arvind Infrastructure Limited | **6.14** | 0.19 |
| Tommy Hilfiger Arvind Fashions Private Limited | **-** | 0.24 |
| Arvind & Smart Value Homes LLP | **0.42** | 0.20 |
| **Other Income** | | |
| Arvind Lifestyle Brands Limited | **0.10** | - |
| Arvind PD Composites Private Limited | **0.53** | - |
| Amplus Capital Advisors Private Limited | **0.02** | - |
| Arvind & Smart Value Homes LLP | **0.00** | 0.01 |
| **Loan Given/(Repaid) (Net)** | | |
| Asman Investment Limited | **-** | (24.09) |
| Arvind Lifestyle Brands Limited | **40.95** | 15.54 |
| Arvind Accel Limited | **2.03** | 0.88 |
| Arvind Envisol Private Limited | **0.41** | - |
| Arvind Infrastructure Limited | **(1.92)** | - |
| Arvind PD Composites Private Limited | **(0.03)** | 0.03 |

c **Disclosure in respect of Related Party Transactions :** (Contd.)

₹ in Crores

| Nature of Transactions | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Arvind Brands and Retail Limited | **(1.11)** | 1.11 |
| Aura Securities Private Limited | **(0.16)** | (0.06) |
| **Adjustment due to Scheme of Arrangement** | | |
| Asman Investment Limited | **-** | (132.10) |
| Arudrama Developers Private Limited | **-** | 22.00 |
| **Share Application Money** | | |
| Arvind Textile Mills Limited, Bangladesh | **7.45** | 5.18 |
| Arvind PD Composites Private Limited | **1.40** | - |
| Arvind Brands and Retail Limited | **35.00** | - |
| Arvind OG Nonwovens Private Limited | **0.20** | - |
| Tommy Hilfiger Arvind Fashions Private Limited | **-** | 8.00 |
| **Diminuation in value of Shares** | | |
| Asman Investment Limited | **-** | 6.48 |
| **Investments (Net)** | | |
| Arvind Infrastructure Limited | **10.00** | - |
| Arvind PD Composites Private Limited | **1.73** | - |
| Arvind Brands and Retail Limited | **60.00** | - |
| Arvind Goodhill Suit Manufacturing Private Limited | **0.01** | - |
| Arvind Spinning Park Private Limited | **0.01** | - |
| Arvind Processing Park Private Limited | **0.01** | - |
| Arvind OG Nonwovens Private Limited | **0.01** | - |
| Arvind Niloy Exports Private Limited, Bangladesh | **0.20** | - |
| Tommy Hilfiger Arvind Fashions Private Limited | **18.05** | 0.75 |
| Arvind & Smart Value Homes LLP | **0.80** | 61.15 |
| Asman Investment Limited | **-** | (1.10) |
| Arvind Overseas (M) Limited, Mauritius | **-** | (28.32) |
| Arvind Spinning Limited, Mauritius | **-** | (5.39) |

d **Disclosures pursuant to the clause 32 of the Equity Listing Agreement**
**Loans and Advances in the nature of loans to subsidiaries**

₹ in Crores

| Name of Subsidiary | Closing Balance | | Maximum Outstanding | |
|---|---|---|---|---|
| | **March 31, 2013** | March 31, 2012 | **March 31, 2013** | March 31, 2012 |
| Asman Investments Limited | **2.14** | 2.14 | **2.14** | 158.33 |
| Arvind Worldwide (M) Inc. | **5.25** | 4.93 | **5.42** | 5.14 |
| Arvind Worldwide Inc. USA | **2.44** | 2.29 | **2.52** | 2.39 |
| Arvind Accel Limited | **4.53** | 2.50 | **22.98** | 19.74 |
| Arvind Infrastructure Limited | **0.45** | - | **106.67** | - |
| The Anup Engineering Limited | **0.10** | 0.10 | **10.10** | 0.10 |
| Arvind Lifestyle Brands Limited | **68.34** | 19.50 | **134.50** | 119.70 |
| Arvind Envisol Private Limited | **0.41** | - | **0.41** | - |
| Arvind Retail Limited | **-** | 7.89 | **-** | 13.30 |
| Syntel Telecom Limited | **0.12** | 0.12 | **0.12** | 0.12 |
| Arvind Textile Mills Limited, Bangladesh | **-** | 0.01 | **0.01** | 0.01 |
| Arvind Brands and Retail Limited | **-** | 1.11 | **1.25** | 1.25 |
| Arvind PD Composite Private Limited | **-** | 0.03 | **0.03** | 0.03 |
| **Total** | **83.78** | 40.62 | **286.15** | 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**

**Operating Lease**

(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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 4.12 | 4.22 |
| Not later than one year | 0.11 | 0.10 |
| Later than one year and not later than five years | 0.44 | 0.43 |
| Later than five years | 3.57 | 3.69 |
| Lease Payment recognised in Statement of Profit and Loss | 0.11 | 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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 79.59 | 72.51 |
| Not later than one year | 7.43 | 7.18 |
| Later than one year and not later than five years | 31.50 | 23.54 |
| Later than five years | 40.66 | 41.79 |
| Lease Payment recognised in Statement of Profit and Loss | 7.24 | 7.09 |

(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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 135.68 | 183.90 |
| Not later than one year | 30.53 | 35.40 |
| Later than one year and not later than five years | 93.64 | 111.39 |
| Later than five years | 11.51 | 37.12 |
| Lease Payment recognised in Statement of Profit and Loss | 37.00 | 37.55 |

(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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 71.08 | 18.09 |
| Not later than one year | 9.27 | 2.56 |
| Later than one year and not later than five years | 36.24 | 9.93 |
| Later than five years | 25.57 | 5.61 |
| Lease Payment recognised in Statement of Profit and Loss | 6.48 | 1.68 |

(E) 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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments under non-cancellable operating leases: | 15.71 | - |
| Not later than one year | 1.36 | - |
| Later than one year and not later than five years | 5.42 | - |
| Later than five years | 8.93 | - |
| Lease income recognised in Statement of Profit and Loss | 0.57 | 0.11 |

(F) Rent Income also includes Lease Rental received towards 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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments under non-cancellable operating leases: | 0.81 | 0.29 |
| Not later than one year | 0.51 | 0.12 |
| Later than one year and not later than five years | 0.30 | 0.18 |
| Later than five years | - | - |
| Lease income recognised in Statement of Profit and Loss | 0.71 | 0.43 |

**41 Disclosures in respect of Joint Venture**

**(a) List of Joint Ventures:**

| Sr. No | Name of Joint Venture | Description of Interest | Proportion of ownership interest | Country of Incorporation | Country of Residence |
|---|---|---|---|---|---|
| 1 | Arya Omnitalk Wireless Solutions Pvt. Limited | Jointly Controlled Entity | 50% | India | India |
| 2 | Tommy Hilfiger Arvind Fashions Private Limited | Jointly Controlled Entity | 50% | India | India |
| 3 | Arya Omnitalk Radio Turnking Services Private Limited | Jointly Controlled Entity | 50% | India | India |
| 4 | Arudrama Developers Private Limited | Jointly Controlled Entity | 50% | India | India |
| 5 | Arvind BSAFAL Homes LLP | Limited Liability Partnership | 50% | India | India |
| 6 | Arvind and Smart Value Homes LLP | Limited Liability Partnership | 50% | India | India |
| 7 | Ahmedabad East Infrastructure LLP | Limited Liability Partnership | 50% | India | India |

# Notes to financial statements

**b) Financial interest in Jointly Controlled Entities:**

₹ in Crores

| Sr. No | Name of Joint Venture | Company's share in Assets As at March 31, 2013 | Assets As at March 31, 2012 | Liabilities As at March 31, 2013 | Liabilities As at March 31, 2012 |
|---|---|---|---|---|---|
| 1 | Arya Omnitalk Wireless Solutions Pvt. Limited | **21.77** | 18.03 | **13.83** | 11.62 |
| 2 | Tommy Hilfiger Arvind Fashions Private Limited | **61.37** | 55.33 | **28.64** | 41.99 |
| 3 | Arya Omnitalk Radio Trunking Services Private Limited | **10.97** | 10.04 | **3.69** | 3.26 |
| 4 | Arudrama Developers Private Limited | **2.37** | 2.37 | **0.32** | 0.32 |
| 5 | Arvind BSAFAL Homes LLP | **45.23** | 46.14 | **38.82** | 26.69 |
| 6 | Arvind and Smart Value Homes LLP | **68.09** | 67.15 | **66.05** | 6.20 |
| 7 | Ahmedabad East Infrastructure LLP | **21.72** | - | **21.73** | - |

₹ in Crores

| Sr. No | Name of Joint Venture | Company's share in Income Year ended March 31, 2013 | Income Year ended March 31, 2012 | Expenses Year ended March 31, 2013 | Expenses Year ended March 31, 2012 |
|---|---|---|---|---|---|
| 1 | Arya Omnitalk Wireless Solutions Pvt. Limited | **26.72** | 27.19 | **24.10** | 25.03 |
| 2 | Tommy Hilfiger Arvind Fashions Private Limited | **94.61** | 70.11 | **90.60** | 66.48 |
| 3 | Arya Omnitalk Radio Trunking Services Private Limited | **7.68** | 6.01 | **6.93** | 5.42 |
| 4 | Arvind BSAFAL Homes LLP | **15.08** | 24.70 | **12.27** | 18.03 |
| 5 | Arvind and Smart Value Homes LLP | **17.33** | 21.56 | **16.20** | 19.38 |

₹ in Crores

| Sr. No | Company's share in: | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|---|
| 1 | Contingent Liability in respect of guarantee given by Bank | **2.21** | 2.80 |
| 2 | **Disputed Demand in respect of :** | | |
| | Income Tax | **0.05** | - |
| | Sales Tax | **0.08** | 0.02 |
| | Service Tax | **0.44** | 0.44 |
| 3 | **Capital commitments** | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for | **0.03** | 0.18 |
| 4 | Claims against the Company not acknowledged as debts | **0.61** | - |

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**

(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 lower by ₹ 4.20 Crores, (Previous year higher by ₹ 1 Crores) and Hedge Reserve account is debited by ₹ 23.64 Crores (Previous year ₹ 98.25 Crores) on account of fair valuation of outstanding derivatives.

**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:

(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 ₹ 3.75 Crores being the exchange rate loss for the year (Previous year ₹ 0.30 Crores) has been adjusted against the fixed assets.

(b) An amount of ₹ 4.90 Crores being the exchange rate loss for the year (Previous year ₹ 4.19 Crores) remains to be amortized as at the balance sheet date.

# Notes to financial statements

**45 Category-wise Quantitative data about derivative instruments outstanding:**

| Particulars | Currency | As at 31st March, 2013 | | | As at 31st March, 2012 | | |
|---|---|---|---|---|---|---|---|
| | | In Mn | Avg. Ex. Rate | ₹ in Crores | In Mn | Avg. Ex. Rate | ₹ in Crores |
| Forward Sales | USD | 60.71 | 52.3898 | 318.06 | 206.87 | 49.1051 | 1,015.84 |
| | EUR | 0.81 | 72.7398 | 5.88 | 1.25 | 70.3030 | 8.78 |
| Forward Purchase | USD | 10.08 | 55.4186 | 55.86 | 34.03 | 51.1847 | 174.21 |
| | JPY | 193.98 | 0.6141 | 11.91 | - | - | - |
| Interest Swap | USD | 10.00 | 56.7325 | 56.73 | - | - | - |
| Option Deals | USD | - | - | - | 66.00 | 50.6136 | 334.05 |

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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Amount of Contract Revenue recognized | 24.59 | 16.02 |
| **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 | 24.59 | 16.02 |
| Advance received from customers | 6.03 | 5.84 |
| Due from customers | 3.19 | 2.15 |

**47** Expenditure on Research and Development:

The Company has separate In-House Research & Development Centre at Naroda and Santej locations. Centre at Naroda location is duly recognised and approved by Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India while the company is in the process of applying to Department of Scientific and Industrial Reserach, Ministry of Science and Technology, Government of India, for recognition of Centre at Santej Centre. Both the Centres are involved into new product development, new process development etc. The details of Capital and Revenue Expenditure incurred on Research and Development by both the Centres are as under:

₹ in Crores

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Naroda Centre** | | |
| Captial Expenditure | 9.21 | 0.18 |
| Revenue Expenditure | 2.67 | 4.06 |
| **Total Expenditure at Naroda Centre** | 11.88 | 4.24 |
| **Santej Centre** | | |
| Capital Expenditure | 0.61 | 0.62 |
| Revenue Expenditure | 7.25 | 0.56 |
| **Total Expenditure at Santej Centre** | 7.86 | 1.18 |

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

**49** 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.

**50** Previous year figures have been regrouped or recast wherever necessary to make them comparable with those of the current year.

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 16, 2013

**SANJAY S. LALBHAI** Chairman & Managing Director

**JAYESH K. SHAH** Director & Chief Financial Officer

**R. V. BHIMANI** Company Secretary

# INDEPENDENT AUDITOR'S REPORT To the Board of Directors of Arvind Limited

We have audited the accompanying consolidated financial statements of **Arvind Limited** ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter**

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 higher by ₹ 4.20 Crores and carrying value of Hedge Reserve would have been higher by ₹ 23.64 Crores.

**Other Matter**

We did not audit the financial statements of certain subsidiaries and limited liability partnership entities whose financial statements reflect (before giving effect to the consolidation adjustments) total assets of ₹ 312.62 Crores as at 31st March 2013 and total revenue of ₹ 79.91 Crores for the year then ended. These Financial Statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion is based solely on the report of the other auditors.

We did not audit the financial statements of joint venture entities and one limited liability partnership entity whose financial statements reflect (before giving effect to the consolidation adjustments) total assets of ₹ 163.05 Crores as at 31st March 2013 and total revenue of ₹ 146.33 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.

Our opinion is not qualified in respect of these matters.

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

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

Ahmedabad
May 16, 2013

# Consolidated Balance Sheet as at 31st March, 2013

₹ in Crores

| | Note | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|
| **Equity and Liablities** | | | |
| **Shareholders' funds** | | | |
| Share Capital | 3 | **258.04** | 258.04 |
| Reserves and Surplus | 4 | **1,995.94** | 1,769.56 |
| **Minority Interest** | | **10.80** | 9.13 |
| **Non-current liabilities** | | | |
| Long Term Borrowings | 5 | **1,005.12** | 777.04 |
| Deferred Tax Liabilities (Net) | 6 | **5.77** | 18.88 |
| Other Long Term Liabilities | 7 | **10.30** | 8.84 |
| Long Term Provisions | 8 | **13.22** | 50.45 |
| **Current liabilities** | | | |
| Short Term Borrowings | 9 | **1,280.62** | 1,174.94 |
| Trade Payables | 10 | **1,097.80** | 893.39 |
| Other Current Liabilities | 7 | **466.72** | 344.25 |
| Short Term Provisions | 8 | **89.06** | 100.64 |
| **Total** | | **6,233.39** | 5,405.16 |
| **Assets** | | | |
| **Non-current assets** | | | |
| Fixed Assets | | | |
| Tangible Assets | 11 | **2,560.37** | 2,463.60 |
| Intangible Assets | 12 | **134.10** | 128.60 |
| Capital Work-in-progress | | **207.64** | 180.34 |
| Intangible Assets under development | | **-** | 12.42 |
| Non-current Investments | 13 | **56.82** | 41.70 |
| Long Term Loans and Advances | 14 | **388.48** | 279.91 |
| Other Non-current Assets | 15 | **1.48** | 2.36 |
| **Current assets** | | | |
| Current Investments | 13 | **10.98** | - |
| Inventories | 16 | **1,412.89** | 1,126.12 |
| Trade Receivables | 17 | **754.65** | 642.20 |
| Cash and Bank Balances | 18 | **185.58** | 70.85 |
| Short Term Loans and Advances | 14 | **216.92** | 197.16 |
| Other Current Assets | 15 | **303.48** | 259.90 |
| **Total** | | **6,233.39** | 5,405.16 |
| **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 16, 2013

**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, 2013

₹ in Crores

| | Note | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|---|
| Revenue from operations (Gross) | 21 | **5,365.33** | 4,995.91 |
| Less : Excise Duty | | **72.81** | 70.79 |
| Revenue from operations (Net) | | **5,292.52** | 4,925.12 |
| Other Income | 22 | **80.56** | 118.50 |
| **Total Revenue** | | **5,373.08** | 5,043.62 |
| **Expenses:** | | | |
| Cost of materials and accessories consumed | 23 | **1,748.76** | 1,622.19 |
| Purchases of Stock in Trade | | **763.09** | 727.24 |
| Project Expense | | **109.77** | 100.40 |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | 24 | **(284.68)** | (55.12) |
| Employee benefits expense | 25 | **565.63** | 451.40 |
| Finance costs | 26 | **315.34** | 309.10 |
| Depreciation and amortization expense | 27 | **204.30** | 161.39 |
| Other expenses | 28 | **1,702.54** | 1,476.77 |
| **Total Expenses** | | **5,124.75** | 4,793.37 |
| **Profit before exceptional and extraordinary items and tax** | | **248.33** | 250.25 |
| Exceptional items | | **-** | - |
| **Profit before extraordinary items and tax** | | **248.33** | 250.25 |
| Extraordinary Items | 29 | **-** | 245.04 |
| **Profit before Tax** | | **248.33** | 495.29 |
| **Tax expense:** | | | |
| Current Tax | | **59.58** | 94.54 |
| Deferred tax | | **(5.57)** | (2.76) |
| MAT Credit Entitlement | | **(53.75)** | (32.37) |
| **Profit for the year before adjustment for Minority Interest** | | **248.07** | 435.88 |
| Share of Profit/(Loss) transferred to Minority Interest | | **(0.34)** | 0.01 |
| **Net Profit for the year after adjustment for Minority Interest** | | **248.41** | 435.87 |
| **Earnings per equity share** | 31 | | |
| (Nominal Value per Share ₹ 10/- (Previous year ₹ 10/-): | | | |
| Basic and Diluted | | | |
| Before Extraordinary Items | | **9.63** | 9.48 |
| After Extraordinary Items | | **9.63** | 16.90 |
| **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

**SANJAY S. LALBHAI** Chairman & Managing Director

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

**JAYESH K. SHAH** Director & Chief Financial Officer

Ahmedabad
May 16, 2013

**R. V. BHIMANI** Company Secretary

# Consolidated Cash Flow Statement for the year ended on 31st March, 2013

₹ in Crores

| | | Year ended March 31, 2013 | | Year ended March 31, 2012 | |
|---|---|---|---|---|---|
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| | **Profit Before taxation** | | **248.33** | | 495.29 |
| | Adjustments for: | | | | |
| | Depreciation /Amortization | **204.30** | | 161.39 | |
| | Impairment Reversal | **(0.05)** | | | |
| | Interest Income | **(9.57)** | | (7.35) | |
| | Interest Expenses | **282.59** | | 278.63 | |
| | Dividend Income | **(0.35)** | | (0.26) | |
| | Bad Debts Written Off (Including Provision) | **0.75** | | 2.67 | |
| | Wealth Tax Provision | **0.20** | | 0.20 | |
| | Sundry Debit Written off | **1.57** | | 1.38 | |
| | Sundry Credit Balances Appropriated | **(1.40)** | | (2.83) | |
| | Foreign Exchange Difference | **0.41** | | (0.16) | |
| | Fixed Assets written off | **0.58** | | 2.02 | |
| | Profit on Sale of Land held for sale | **(14.80)** | | (67.40) | |
| | Profit on Sale of Tangible/Intangible assets | **(23.26)** | | (13.52) | |
| | (Profit)/Loss on sale of Investment | **(0.11)** | | 1.54 | |
| | Extra Ordinary Item | **-** | | (245.04) | |
| | | | **440.86** | | 111.27 |
| | **Operating Profit before Working Capital Changes** | | **689.19** | | 606.56 |
| | Working Capital Changes: | | | | |
| | Changes in Inventories | **(312.10)** | | 64.81 | |
| | Changes in trade payables | **205.81** | | (9.19) | |
| | Changes in other current liabilities | **124.53** | | 40.66 | |
| | Changes in provisions | **9.47** | | 3.34 | |
| | Changes in loans and advances | **(46.36)** | | (58.03) | |
| | Changes in trade receivables | **(113.08)** | | (143.12) | |
| | Changes in Other assets | **(44.88)** | | (78.69) | |
| | Changes in Other Bank Balances | **6.66** | | (7.22) | |
| | **Net Changes in Working Capital** | | **(169.95)** | | (187.44) |
| | **Cash Generated from Operations** | | **519.24** | | 419.12 |
| | Direct Taxes paid (Net of Income Tax refund) | | **(61.96)** | | (83.92) |
| | **Net Cash Flow from Operating Activities** | | **457.28** | | 335.20 |
| **B** | **Cash Flow from Investing Activities** | | | | |
| | Purchase of tangible/intangible assets | **(368.32)** | | (449.25) | |
| | Sale of tangible assets | **66.53** | | 118.12 | |
| | Sale of Land held for sale | **20.30** | | 98.78 | |
| | Changes in Investments | **(28.06)** | | 13.55 | |
| | Capital Advances | **12.47** | | (14.50) | |
| | Changes in Loans given | **(42.23)** | | 14.42 | |
| | Dividend Income | **0.35** | | 0.26 | |
| | Interest Income | **8.12** | | 7.07 | |
| | Net cash flow before Extra Ordinary Item | **(330.84)** | | (211.55) | |
| | Proceeds from Sale of Investment in Joint Venture | **-** | | 245.04 | |
| | **Net cash flow from Investing Activites** | | **(330.84)** | | 33.49 |

# Consolidated Cash Flow Statement for the year ended on 31st March, 2013 (Contd.)

₹ in Crores

| | | Year ended March 31, 2013 | | Year ended March 31, 2012 | |
|---|---|---|---|---|---|
| **C** | **Cash Flow from Financing Activities** | | | | |
| | Issue of Share Capital | - | | 0.23 | |
| | Securities Premium received | - | | 0.11 | |
| | Dividend Paid | (25.64) | | - | |
| | Dividend Distribution Tax Paid | (4.19) | | - | |
| | Changes in long term Borrowings | 221.54 | | (169.18) | |
| | Changes in short term borrowings | 103.78 | | 102.02 | |
| | Interest Paid | (301.41) | | (294.71) | |
| | **Net Cash flow from Financing Activities** | | (5.92) | | (361.53) |
| | **Net Increase/(Decrease) in cash & cash equivalents** | | 120.52 | | 7.16 |
| | Cash & Cash equivalents at the beginning of the period | | 40.86 | | 33.70 |
| | Cash & Cash equivalents at the end of the period | | 161.38 | | 40.86 |

| | | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|
| **a** | **Particulars** | | |
| | Cash and cash equivalents comprise of: (Note 18) | | |
| | Cash on Hand | 1.47 | 1.75 |
| | Cheques on Hand | 0.04 | (₹ 15,000/-) |
| | Balances with Banks* | 159.88 | 39.10 |
| | Cash and cash equivalents | 161.39 | 40.85 |
| | Effect of Exchange Rate Changes | 0.01 | (0.01) |
| | Cash and cash equivalents as restated | 161.38 | 40.86 |
| | * Includes the following balance which is not available for use by the Company | | |
| | Unpaid dividend account | 0.49 | 0.33 |

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 16, 2013

**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 Accounting 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 "Reserve on Exchange Rate Fluctuation" in the Balance Sheet.

(v) 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 2013 |
|---|---|---|---|
| 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 | India | 99.52% |
| 9 | Arvind Lifestyle Brands Limited | India | 99.76% |
| 10 | Arvind Envisol Private Limited | India | 100% |
| 11 | Arvind PD Composites Private Limited | India | 51% |
| 12 | Arvind Overseas (Mauritius) Limited | Mauritius | 100% |
| 13 | Arvind Spinning Limited | Mauritius | 100% |
| 14 | Arvind Textile Mills Limited | Bangladesh | 100% |
| 15 | Arvind Goodhill Suit Manufacturing Private Limited | India | 51% |
| 16 | Arvind Niloy Exports Private Limited | Bangladesh | 70% |
| 17 | Arvind Spinning Park Private Limited | India | 100% |
| 18 | Arvind Processing Park Private Limited | India | 100% |
| 19 | Arvind Hebbal Homes Private Limited | India | 100% |
| 20 | Arvind OG Nonwovens Private Limited | India | 74% |

# Notes to consolidated financial statement:

b. 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 2013 |
|---|---|---|---|
| 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 | India | 50% |
| 4 | Arvind B SAFAL Homes LLP | India | 50% |
| 5 | Arvind Smart Value Homes LLP | India | 50% |
| 6 | Arudrama Developers Private Limited | India | 50% |
| 7 | Ahmedabad East Infrastructure LLP | 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 fo reign 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.

(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) Merchandise received under consignment and concessionaire arrangements belong to the consignors/concessionaires and are therefore excluded from the Company's inventories.

# Notes to consolidated financial statement:

(B.3) 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) Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

(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% and on leasehold improvements at 10%.

(C.8) In Arvind Lifestyle Brands Limited, 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:

| | |
|---|---|
| Leasehold Improvements, Plant & Equipments, Office Equipments and Furniture & Fixtures | 15% |

(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, Vendors' Network Value and Distribution 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.

(D.2) 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.

# Notes to consolidated financial statement:

**(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.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

**(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) The Company has opted to avail the choice provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification dated December 29, 2011. Consequently, 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. 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 either generally or specifically attributed directly 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.

**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 the Statement of Profit & Loss 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 virtual certainty supported by convincing evidence 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:

₹ in Crores

| 3 | Share Capital | | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|---|---|
| | **Authorised** | | | |
| | **Equity Shares** | | | |
| | 565,000,000 Shares (Previous Year 565,000,000) Par Value of ₹ 10/- per share | | **565.00** | 565.00 |
| | **Preference Shares** | | | |
| | 10,000,000 Shares (Previous Year 10,000,000) Par Value of ₹ 100/- per share | | **100.00** | 100.00 |
| | | | **665.00** | 665.00 |
| | **Issued** | | | |
| | **Equity Shares** | | | |
| | 258,043,969 Shares (Previous Year 254,633,441) Par Value of ₹ 10/- per share | | **258.04** | 254.63 |
| | | | **258.04** | 254.63 |
| | **Subscribed and fully paid up** | | | |
| | **Equity Shares** | | | |
| | 258,043,069 Shares (Previous Year 254,632,541) Par Value of ₹ 10/- per share fully paid up | | **258.04** | 254.63 |
| | **Forfeited Shares** | | | |
| | 900 Shares (Previous Year 900) (₹ 4,500/- originally paid up (Previous Year ₹ 4,500/-) | | | |
| | Equity Shares Suspense Account | | **-** | 3.41 |
| | | **Total** | **258.04** | 258.04 |

**a Reconciliation of Number of Equity Shares**

| Particulars | As At March 31, 2013 | | As At March 31, 2012 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in Crores | No. of Shares | ₹ in Crores |
| Balance at the beginning of the year | **254,632,541** | **254.63** | 254,400,041 | 254.40 |
| Add : | | | | |
| Shares alloted pursuant to exercise of Employee Stock Option Plan | **-** | **-** | 232,500 | 0.23 |
| Shares alloted to the shareholders of Amalgamated Company | **3,410,528** | **3.41** | - | - |
| **Balance at the end of the year** | **258,043,069** | **258.04** | 254,632,541 | 254.63 |

**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, 2013 | As At March 31, 2012 |
|---|---|---|
| Aura Securities Private Limited | **9,57,90,590** | 8,57,38,882 |
| | **37.12%** | 33.67% |
| Life Insurance Corporation of India | **1,65,85,134** | 1,65,58,953 |
| | **6.43%** | 6.50% |

**d Shares reserved for issue under options**

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

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

34,10,528 Equity Shares of ₹ 10 each were issued during the year to the erstwhile shareholders of Arvind Products Limited pursuant to the Scheme of Amalgamation without payment being received in cash.

**f Proposed Dividend**

The final dividend proposed for the year is as follows:

| Particulars | As At March 31, 2013 | As At March 31, 2012 |
|---|---|---|
| **On Equity Shares of ₹ 10/- each** | | |
| Dividend per Equity Share (₹) | **1.65** | 1 |
| Percentage of Dividend Proposed | **16.50%** | 10% |

# Notes to consolidated financial statement:

₹ in Crores

| 4 **Reserves and Surplus** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| **Captial Reserve** | | |
| Balance as per last financial statements | **28.53** | 29.97 |
| Less: Adjustment on Amalgamation | **-** | (1.44) |
| Add: Addition during the year | **0.38** | - |
| Balance at the end of the year | **28.91** | 28.53 |
| **Capital Reserve on Consolidation** (Note 41) | | |
| Balance as per last financial statements | **28.35** | 28.35 |
| Add: Addition during the year | **56.66** | - |
| Balance at the end of the year | **85.01** | 28.35 |
| **Special Reserve** | | |
| Balance as per last financial statements | **0.40** | 0.20 |
| Add: Addition during the year | **0.11** | 0.20 |
| Balance at the end of the year | **0.51** | 0.40 |
| **Reserve on Exchange Rate Fluctuation** | | |
| Balance as per last financial statements | **(0.73)** | (0.47) |
| Add: Addition during the year | **(0.23)** | (0.26) |
| Balance at the end of the year | **(0.96)** | (0.73) |
| **General Reserve** | | |
| Balance as per last financial statements | **26.16** | 5.79 |
| Add: Amount transferred from Revaluation Reserve | **5.24** | 20.37 |
| Add: Amount transferred from Surplus in Statement of Profit & Loss | **20.00** | - |
| Balance at the end of the year | **51.40** | 26.16 |
| **Securities Premium Account** | | |
| Balance as per last financial statements | **653.54** | 711.42 |
| Less: Adjustment on Consolidation | **-** | (57.99) |
| Add: Addition during the year | **-** | 0.11 |
| Balance at the end of the year | **653.54** | 653.54 |
| **Captial Redemption Reserve** | | |
| Balance as per last financial statements | **69.50** | 69.50 |
| **Revaluation Reserve** (Note 11c) | | |
| Balance as per last financial statements | **284.82** | 305.86 |
| **Add: Addition during the year** | **8.34** | - |
| | **293.16** | 305.86 |
| Less: Amount transferred to General Reserve | **5.24** | 20.37 |
| Less: Loss on Compulsory Acquisition adjusted | **10.13** | 0.67 |
| Balance at the end of the year | **277.79** | 284.82 |
| **Hedge Reserve** (Note 37) | | |
| Balance as per last financial statements | **(98.25)** | 31.89 |
| Add: Adjustment during the year (Net) | **74.61** | (130.14) |
| Balance at the end of the year | **(23.64)** | (98.25) |
| **Foreign Currency Monetary Item Translation Difference Account** | | |
| Balance as per last financial statements | **(4.19)** | 0.75 |
| Add: Adjustment during the year (Net) | **(0.71)** | (4.94) |
| Balance at the end of the year | **(4.90)** | (4.19) |
| **Investment Revaluation Reserve** | | |
| Balance as per last financial statements | **-** | 3.29 |
| Less: Adjustment on Amalgamation | **-** | (5.48) |
| Add: Adjustment during the year (Net) | **-** | 2.19 |
| Balance at the end of the year | **-** | - |
| **Surplus in Statement of Profit and Loss** | | |
| Balance as per last financial statements | **781.43** | 254.64 |
| **Add/(Less): Adjustment on Consolidation** | **(101.13)** | 177.42 |
| | **680.30** | 432.06 |
| Less : Amount transferred to Statement of Profit and Loss on account of Amalgamation | **-** | (56.31) |
| | **680.30** | 375.75 |
| **Add : Profit for the year** | **248.41** | 435.87 |
| | **928.71** | 811.62 |
| Less: Appropriations | | |
| Transfer to General Reserve | **20.00** | - |
| Proposed dividend on Equity Shares for the year | **42.58** | 25.80 |
| Dividend distribution tax on Proposed dividend on Equity Shares | **7.24** | 4.19 |
| Transfer to Special Reserve | **0.11** | 0.20 |
| Balance at the end of the year | **858.78** | 781.43 |
| **Total** | **1,995.94** | 1,769.56 |

# Notes to consolidated financial statement:

₹ in Crores

| **5** | **Long Term Borrowings** | **Non- Current portion As At** | | **Current Maturities As At** | |
|---|---|---|---|---|---|
| | | **March 31, 2013** | March 31, 2012 | **March 31, 2013** | March 31, 2012 |
| | **Secured:** | | | | |
| | **Term Loans :** | | | | |
| | From Banks | **842.09** | 672.31 | **148.33** | 145.26 |
| | From Financial Institutions and Others | **160.45** | 102.15 | **23.59** | 18.35 |
| | **Unsecured:** | | | | |
| | From Financial Institutions and Others | **2.58** | 2.58 | **-** | - |
| | Deferred Electricity Duty | **-** | - | **3.12** | 12.69 |
| | | **1,005.12** | 777.04 | **175.04** | 176.30 |
| | **Amount disclosed under the head "Other Current Liabilities" (Note 7)** | **-** | - | **175.04** | 176.30 |
| | **Total** | **1,005.12** | 777.04 | **-** | - |

| **a** | **Borrowings** | **As At March 31, 2013** | As At March 31, 2012 |
|---|---|---|---|
| | At Amortized Cost | **1,180.16** | 953.34 |
| | At Original Cost | **1,184.36** | 952.34 |

**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 As At** | | **Current As At** | |
|---|---|---|---|---|---|
| | | **March 31, 2013** | March 31, 2012 | **March 31, 2013** | March 31, 2012 |
| | Current maturities of long-term borrowings (Note 5) | **-** | - | **175.04** | 176.30 |
| | Interest accrued but not due on borrowings | **-** | - | **4.65** | 6.14 |
| | Interest accrued and due | **-** | - | **1.99** | - |
| | Income received in advance | **0.02** | 0.03 | **3.59** | 4.47 |
| | Advances from Customers | **-** | - | **54.17** | 49.86 |
| | Statutory dues including Provident Fund and Tax deducted at Source | **-** | - | **23.02** | 22.78 |
| | Security Deposits | **10.05** | 8.81 | **7.30** | 4.71 |
| | Investor Education and Protection Fund shall be credited by the following amount namely : | | | | |
| | Unpaid dividend (Note a) | **-** | - | **0.50** | 0.34 |
| | Book Overdraft | **-** | - | **123.31** | 1.81 |
| | Payable to employees | **-** | - | **46.20** | 33.35 |
| | Others | **0.23** | - | **26.95** | 44.49 |
| | **Total** | **10.30** | 8.84 | **466.72** | 344.25 |

a 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 As At** | | **Short Term As At** | |
|---|---|---|---|---|---|
| | | **March 31, 2013** | March 31, 2012 | **March 31, 2013** | March 31, 2012 |
| | Provision for Employee Benefits | **12.07** | 9.05 | **17.66** | 11.24 |
| | Provision for Losses on Derivative Contracts | **1.15** | 41.40 | **17.40** | 53.23 |
| | Proposed Dividend | **-** | - | **42.58** | 25.80 |
| | Dividend Distribution Tax | **-** | - | **7.24** | 4.19 |
| | Provision for Income Tax (Net of Advance Tax) | **-** | - | **-** | 2.23 |
| | Provision for Wealth tax | **-** | - | **1.23** | 1.03 |
| | Provision for Loyalty Points | **-** | - | **0.14** | 0.11 |
| | Provision for Litigation /Disputed Matters | **-** | - | **2.81** | 2.81 |
| | **Total** | **13.22** | 50.45 | **89.06** | 100.64 |

# Notes to consolidated financial statement:

**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 | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Balance as per last financial statements | 0.11 | 0.20 |
| Net Provision/(Reversal) made during the year | 0.03 | (0.09) |
| **Balance at the end of the year** | **0.14** | 0.11 |

**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 | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Balance as per last financial statements | 2.81 | 2.81 |
| **Balance at the end of the year** | **2.81** | 2.81 |

₹ in Crores

| 9 **Short Term Borrowings** | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| **Secured:** | | |
| Working Capital Loans repayable on demand | | |
| From Banks | 1,193.51 | 1,060.16 |
| From Financial Institutions and Others | - | 8.26 |
| | 1,193.51 | 1,068.42 |
| **Unsecured:** | | |
| Under Buyer's Credit Arrangement from Banks | 66.31 | 38.07 |
| Loans repayable on demand from Banks | - | 0.95 |
| Intercorporate Deposits | | |
| From Related Parties | 0.31 | 1.42 |
| From Others | 20.49 | 66.08 |
| | 87.11 | 106.52 |
| **Total** | **1,280.62** | 1,174.94 |

₹ in Crores

| 10 **Trade Payables** | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Creditors in respect of Goods and Services (Note a) | 830.38 | 728.84 |
| Acceptances | 267.42 | 164.55 |
| **Total** | **1,097.80** | 893.39 |

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 01.04.2012 | Adjustment on Consolidation/ Amalgamation | Adjustment due to Revaluation | Additions | Deduction | Other Adjustments | As on 31.03.2013 | As on 01.04.2012 | Adjustment on Consolidation/ Amalgamation | Adjustment due to Revaluation | For the year | Impairment Loss/ (Reversal) | Deductions | As on 31.03.2013 | As on 31.03.2013 | As on 31.03.2012 |
| Leasehold Land | 196.65 | - | 74.49 | 1.24 | 9.11 | - | 263.27 | - | - | - | - | - | - | - | 263.27 | 196.65 |
| **Own Assets** | | | | | | | | | | | | | | | | |
| Freehold Land | 878.14 | - | 132.73 | 0.78 | 30.69 | - | 980.96 | - | - | - | - | - | - | - | 980.96 | 878.14 |
| Building | 572.17 | 0.54 | (79.05) | 87.29 | 5.38 | 6.26 | 581.83 | 145.05 | 0.11 | 44.85 | 20.13 | - | 4.04 | 206.10 | 375.73 | 427.12 |
| Plant and Machinery | 1921.05 | (5.64) | (64.62) | 168.11 | 31.34 | 11.09 | 1998.65 | 1130.20 | (0.50) | 10.36 | 133.58 | (0.04) | 21.04 | 1252.56 | 746.09 | 790.85 |
| Furniture and Fixtures | 71.87 | (5.48) | - | 21.40 | 1.58 | 0.04 | 86.25 | 16.18 | (0.29) | - | 10.13 | (0.01) | 0.46 | 25.55 | 60.70 | 55.69 |
| Office Equiptments | 18.24 | (1.71) | - | 5.42 | 0.55 | 0.02 | 21.42 | 5.48 | (0.03) | - | 1.89 | - | 0.09 | 7.25 | 14.17 | 12.76 |
| Leasehold Improvements | 118.15 | (17.22) | - | 44.53 | 3.24 | 0.19 | 142.41 | 27.55 | (6.71) | - | 18.45 | - | 0.79 | 38.50 | 103.91 | 90.60 |
| Vehicles | 19.84 | (0.09) | - | 8.66 | 3.36 | - | 25.05 | 8.05 | (0.10) | - | 3.69 | - | 2.13 | 9.51 | 15.54 | 11.79 |
| **Total** | **3,796.11** | **(29.60)** | **63.55** | **337.43** | **85.25** | **17.60** | **4,099.84** | **1,332.51** | **(7.52)** | **55.21** | **187.87** | **(0.05)** | **28.55** | **1,539.47** | **2,560.37** | **2,463.60** |
| Previous Year | 3,874.60 | (175.07) | - | 317.12 | 224.81 | 4.27 | 3796.11 | 1,510.81 | (303.06) | - | 149.22 | - | 24.46 | 1332.51 | 2,463.60 | 2,363.79 |

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 ₹ 500/-) in respect of shares held in Co-Operative Housing Society.

c During the year, Gross block was revalued by external valuers which resulted in a net increase of ₹ 8.34 Crores and credited to revaluation reserve.Gross Block was previously revalued on 1st April 2009 which resulted in a net increase of ₹ 56.15 Crores and Land Block was revalued on 31st March 2011 which resulted in an increase of ₹ 230.98 Crores.

d Deduction of Freehold Land includes transfer of Land ₹ 2.72 Crores (Previous year ₹ 99.09 Crores) to Land held for Sale.

e Deduction of Gross Block includes Capital Subsidy of ₹ 2.76 Crores (Previous year ₹ Nil ) received during the year.

f Captial Work in Progress is net of Capital Subsidy of ₹ 2.66 Crores (Previous year ₹ Nil)

g Details of Borrowing Cost and Exchange Differences:

₹ in Crores

| Particulars | Other Adjustements | | Addition in Capital Work in Progress | |
|---|---|---|---|---|
| | For the year | | | |
| | **2012-2013** | 2011-2012 | **2012-2013** | 2011-2012 |
| Borrowing Cost | **14.36** | 4.20 | **4.95** | 12.94 |
| Exchange Differences | **3.24** | 0.07 | **0.74** | 0.23 |
| **Total** | **17.60** | 4.27 | **5.69** | 13.17 |

**h Change in Accounting Estimates:**

Arvind Lifestyle Brands Limited, one of the subsidiary has changed the estimated useful lives of certain fixed assets of its stores.

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

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

Due to such change in the estimate, additional depreciation of ₹ 7.61 Crores has been charged to Statement of Profit and Loss.

# Notes to consolidated financial statement:

## 12 Intangible Assets

₹ in Crores

| Particulars | Gross Block | | | | | | Amortization | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As on 01.04.2012 | Adjustment on Consolidation/ Amalgamation | Additions | Disposals | Other Adjustments | As on 31.03.2013 | As on 01.04.2012 | Adjustment on Consolidation/ Amalgamation | For the year | Deductions | As on 31.03.2013 | As on 31.03.2013 | As on 31.03.2012 |
| **Own Assets** | | | | | | | | | | | | | |
| Goodwill on Consolidation | 22.04 | - | - | - | - | 22.04 | - | - | - | - | - | 22.04 | 22.04 |
| Patent and Technical Knowhow | 0.33 | - | 12.77 | - | - | 13.10 | 0.20 | - | 1.32 | - | 1.52 | 11.58 | 0.13 |
| Computer Software | 37.41 | (2.49) | 4.02 | - | 0.01 | 38.95 | 23.87 | (2.49) | 4.48 | - | 25.86 | 13.09 | 13.54 |
| Brand Value & Licence Brands | 102.02 | (1.36) | 0.60 | - | - | 101.26 | 12.33 | (1.36) | 8.31 | - | 19.28 | 81.98 | 89.69 |
| Distribution Network | - | - | 4.31 | - | - | 4.31 | - | - | 0.50 | - | 0.50 | 3.81 | - |
| Vendors' Network | 6.27 | - | - | - | - | 6.27 | 3.75 | - | 1.25 | - | 5.00 | 1.27 | 2.52 |
| Jobworkers' Network | 1.73 | - | - | - | - | 1.73 | 1.05 | - | 0.35 | - | 1.40 | 0.33 | 0.68 |
| **Total** | **169.80** | **(3.85)** | **21.70** | **-** | **0.01** | **187.66** | **41.20** | **(3.85)** | **16.21** | **-** | **53.56** | **134.10** | **128.60** |
| Previous Year | 176.17 | (48.70) | 43.29 | 0.96 | - | 169.80 | 30.33 | - | 11.82 | 0.95 | 41.20 | 128.60 | 145.84 |

### a Details of Borrowing Cost and Exchange Differences:

₹ in Crores

| Particulars | Other Adjustements | |
|---|---|---|
| | For the year | |
| | **2012-2013** | **2011-2012** |
| Borrowing Cost | 0.01 | - |
| **Total** | 0.01 | - |

## 13 Investments

₹ in Crores

| Particulars | Non-Current As at March 31, 2013 | Non-Current As at March 31, 2012 | Current As at March 31, 2013 | Current As at March 31, 2012 |
|---|---|---|---|---|
| **Investment Property (at cost less accumulated depreciation)** | | | | |
| Cost of Office Building given on Operating Lease | **13.70** | 13.70 | **-** | - |
| Less: Accumulated Depreciation | **3.35** | 3.13 | **-** | - |
| | **10.35** | 10.57 | **-** | - |
| **Trade Investments (Valued at Cost unless stated otherwise)** | | | | |
| Investments in Government Trust Securities | **0.02** | 0.02 | **-** | - |
| Investments in Fully Paid Equity Shares (Unquoted) | | | | |
| In Subsidiaries | **-** | 1.85 | **-** | - |
| Others | **0.87** | 1.69 | **-** | - |
| In Partnership Firm* | **-** | 1.65 | **-** | - |
| **Other Investments** | | | | |
| **Quoted** | | | | |
| In Equity Shares | **10.47** | 10.47 | **-** | - |
| **Unquoted** | | | | |
| In Equity Shares | **-** | - | **1.06** | - |
| In Mutual Funds | **-** | 2.27 | **9.92** | - |
| | **11.36** | 17.95 | **10.98** | - |
| **Share Application Money** | **35.11** | 13.18 | **-** | - |
| **Total** | **56.82** | 41.70 | **10.98** | - |

* 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

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Long Term Investments | **11.36** | 17.95 |
| Current Investments | **10.98** | - |

# Notes to consolidated financial statement:

₹ in Crores

## 14 Loans and Advances

| (Unsecured, Considered good unless otherwise stated) | Long Term As At March 31, 2013 | Long Term As At March 31, 2012 | Short Term As At March 31, 2013 | Short Term As At March 31, 2012 |
|---|---|---|---|---|
| Capital Advances | 71.23 | 83.82 | - | - |
| Considered doubtful | 0.12 | - | - | - |
| Less: Provision | 0.12 | - | - | - |
| | 71.23 | 83.82 | - | - |
| Security Deposits | 123.22 | 93.51 | 4.34 | 1.20 |
| Advance tax paid (Net of Provision) | 0.11 | - | - | - |
| Loans: | | | | |
| To Related Parties - Director of Joint Venture | 0.10 | - | - | - |
| To Employees | 4.65 | 5.18 | 2.07 | 1.99 |
| To Others | 40.72 | - | 24.88 | 23.02 |
| MAT Credit Entitlement | 146.34 | 92.55 | - | - |
| Advances recoverable in cash or in kind or for value to be received | 0.03 | 4.75 | 144.69 | 137.07 |
| Prepaid Expenses | 0.23 | 0.10 | 19.63 | 13.66 |
| Balances with Government Authorities | 1.85 | - | 1.65 | 2.11 |
| CENVAT/Custom Duty Receivable | - | - | 19.66 | 18.11 |
| **Total** | 388.48 | 279.91 | 216.92 | 197.16 |

₹ in Crores

## 15 Other Assets

| | Non Current As At March 31, 2013 | Non Current As At March 31, 2012 | Current As At March 31, 2013 | Current As At March 31, 2012 |
|---|---|---|---|---|
| Non Current Bank Balances (Note 18) | 1.48 | 2.33 | - | - |
| Preliminary Expenses | - | 0.03 | 0.02 | 0.01 |
| Land held for Sale | - | - | 99.43 | 102.21 |
| Interest Accrued | - | - | 2.46 | 1.01 |
| Unbilled Revenue | - | - | 7.08 | 7.12 |
| Income Receivable | - | - | 11.76 | 15.66 |
| Receivable other than trade | - | - | 122.05 | 80.00 |
| Export Incentive Receivable | - | - | 60.68 | 53.89 |
| **Total** | 1.48 | 2.36 | 303.48 | 259.90 |

₹ in Crores

## 16 Inventories

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| Raw Materials and Accessories | 234.07 | 265.42 |
| In Transit | 0.83 | 0.82 |
| Fuel | 2.63 | 2.56 |
| Stores and Spares | 50.44 | 43.08 |
| In Transit | - | 0.02 |
| Work-in-Progress | 354.37 | 330.20 |
| Finished Goods | 233.90 | 151.78 |
| In Transit | 0.62 | 0.31 |
| By Product | 0.50 | - |
| Stock in Trade | 349.48 | 248.83 |
| In Transit | 5.61 | 5.55 |
| Waste | 1.56 | 1.96 |
| Packing Material | 8.10 | 1.85 |
| In Transit | - | 0.01 |
| Material at Site | 3.04 | 0.39 |
| Project work-in-progress | 165.61 | 71.21 |
| Unsold plots of land | 2.13 | 2.13 |
| **Total** | 1,412.89 | 1,126.12 |

₹ in Crores

## 17 Trade Receivables

| | As at March 31, 2013 | As at March 31, 2012 |
|---|---|---|
| (Unsecured, considered good unless otherwise stated) | | |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Secured | 7.06 | 5.16 |
| Considered Good | 95.54 | 44.55 |
| Considered doubtful | 1.33 | 1.19 |
| Less: Provision for Doubtful Debts | 1.33 | 1.19 |
| | 102.60 | 49.71 |
| Others | | |
| Unsecured | 652.05 | 592.49 |
| **Total** | 754.65 | 642.20 |

# Notes to consolidated financial statement:

₹ in Crores

**18 Cash and Bank Balances**

| | Non Current As At | | Current As At | |
|---|---|---|---|---|
| | **March 31, 2013** | March 31, 2012 | **March 31, 2013** | March 31, 2012 |
| **Cash and Cash Equivalents:** | | | | |
| **Cash on Hand** | **-** | - | **1.47** | 1.75 |
| **Cheques on Hand** | **-** | - | **0.04** | (₹ 15,000/-) |
| **Balances with Banks** | | | | |
| In Current Accounts | **-** | - | **30.09** | 30.01 |
| In Unpaid Dividend Accounts | **-** | - | **0.50** | 0.34 |
| In Exchange Earners Foreign Currency A/c | **-** | - | **-** | 0.19 |
| In Cash Credit Account | **-** | - | **123.00** | 8.56 |
| In Saving Accounts | **-** | - | **(₹ 45,808/-)** | (₹ 45,808/-) |
| In Deposit Account (with original maturity upto 3 months) | **-** | - | **6.29** | - |
| | **-** | - | **161.39** | 40.85 |
| **Other Bank Balances:** | | | | |
| **In Deposits Accounts** | | | | |
| With original maturity more than 3 months but less than 12 months | **-** | - | **5.39** | 12.80 |
| With original maturity more than 12 months | **0.43** | 1.65 | **1.13** | 4.72 |
| Held as Margin Money | | | | |
| (Under lien with bank as Security for Guarantee Facility) | **1.04** | 0.68 | **17.67** | 12.48 |
| Lodged with Sales Tax Department | **0.01** | - | **(₹ 20,000/-)** | (₹ 20,000/-) |
| | **1.48** | 2.33 | **24.19** | 30.00 |
| **Amount disclosed under the head "Other Non Current Assets" (Note 15)** | **1.48** | 2.33 | **-** | - |
| **Total** | **-** | - | **185.58** | 70.85 |

**19 Contingent Liabilities**
(to the extent not provided for)

₹ in Crores

| **Particulars** | **As at March 31, 2013** | As at March 31, 2012 |
|---|---|---|
| Bills Discounted | **117.59** | 111.40 |
| Claims against the Company not acknowledged as debts | **9.27** | 31.24 |
| Guarantees given by the Banks on behalf of the Company | **103.17** | 91.37 |
| Guarantees given by the Company to Banks on behalf of Joint Ventures | **13.23** | 16.91 |
| Guarantees given by the Company to Banks on behalf of Other Companies | **95.61** | 124.41 |
| **Disputed Demands in respect of** | | |
| Excise/Custom Duty | **29.33** | 31.25 |
| Sales Tax | **22.81** | 22.00 |
| Income Tax | **19.11** | 18.13 |
| Service Tax | **1.28** | 1.63 |
| 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, 2013** | As at March 31, 2012 |
|---|---|---|
| **Capital Commitments** | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | **86.76** | 67.98 |
| **Other Commitments** | **-** | - |

# Notes to consolidated financial statement:

₹ in Crores

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **21 Revenue from Operations** | | |
| **Sale of Products** | | |
| Finished Goods and Stock in Trade | **5,216.01** | 4,755.08 |
| Less : Excise Duty/ VAT | **72.81** | 70.79 |
| | **5,143.20** | 4,684.29 |
| **Sale of Services** | **29.73** | 35.59 |
| **Other Operating Revenues** | | |
| Export Incentives | **103.58** | 109.78 |
| Waste Sales | **72.49** | 55.68 |
| Commission Income | **10.22** | 6.85 |
| Gain / (Loss) on Forward Contracts | **(95.47)** | (1.26) |
| Other Operating Income | **28.77** | 34.19 |
| **Total** | **5,292.52** | 4,925.12 |
| **22 Other Income** | | |
| Interest Income | **9.57** | 7.35 |
| Dividend Income on Long Term Investments | **0.35** | 0.26 |
| Rent | **0.88** | 0.58 |
| Sundry Credit Balances Appropriated | **1.40** | 2.83 |
| Profit on Sale of Fixed Assets (Net) | **23.26** | 13.52 |
| Profit on Sale of Investments (Net) | **0.11** | - |
| Profit on Sale of Land held for Sale | **14.80** | 67.40 |
| Provision no longer required | **2.77** | 3.20 |
| Other non-operating income | **27.42** | 21.54 |
| Prior Period Item | **-** | 1.82 |
| **Total** | **80.56** | 118.50 |
| **23 Cost of Materials and Accessories Consumed** | | |
| Stock at the beginning of the year | **265.42** | 373.03 |
| Purchases | **1,717.41** | 1,514.58 |
| | **1,982.83** | 1,887.61 |
| Less: Stock at the end of the year | **234.07** | 265.42 |
| **Total** | **1,748.76** | 1,622.19 |
| **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 | **233.90** | 151.78 |
| Stock-in-trade | **349.48** | 248.83 |
| Work-in-Progress | **354.37** | 330.20 |
| Project Work-in-Progress | **165.61** | 71.21 |
| Unsold Plot of Lands | **2.13** | 2.13 |
| Waste | **1.56** | 1.96 |
| | **1,107.05** | 806.11 |

₹ in Crores

| | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **24 Changes in Inventories of Finished Goods, Work-in-progress and Stock in Trade** (Contd.) | | |
| Stock at the beginning 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 | **71.21** | 47.73 |
| Unsold Plot of Lands | **2.13** | - |
| Waste | **1.96** | 2.45 |
| | **806.11** | 796.26 |
| Less : Adjusted on account of Consolidation/Amalgamation | **(25.33)** | (45.32) |
| | **780.78** | 750.94 |
| Add : Transferred from Capital Work in Progress | **0.14** | - |
| | **780.92** | 750.94 |
| Adjustment on Consolidation | **41.36** | (0.09) |
| Excise Duty in Value of Stock - Increase / (Decrease) | **0.09** | 0.14 |
| **(Increase)/Decrease in stocks** | **(284.68)** | (55.12) |
| **25 Employee Benefits Expense** | | |
| Salaries and Wages | **497.76** | 399.66 |
| Contribution to Provident Fund and Other Funds | **54.02** | 39.58 |
| Staff Welfare Expenses | **13.85** | 12.16 |
| **Total** | **565.63** | 451.40 |
| **26 Finance Costs** | | |
| Interest | | |
| On Term Loans | **97.29** | 102.42 |
| On working capital loans | **104.46** | 91.69 |
| Others | **55.50** | 50.16 |
| Interest on shortfall of advance tax | **-** | 0.44 |
| Exchange Difference to the extent considered as an adjustment to Borrowing Costs | **25.34** | 33.92 |
| Other Borrowing Costs | **7.75** | 2.02 |
| Bank Charges | **25.00** | 28.45 |
| **Total** | **315.34** | 309.10 |
| **27 Depreciation / Amortization Expense** | | |
| Depreciation of Tangible Assets | **187.87** | 149.22 |
| Amortization of Intangible Assets | **16.21** | 11.82 |
| Depreciation of Investment Property | **0.22** | 0.35 |
| **Total** | **204.30** | 161.39 |

₹ in Crores

| | **Year ended March 31, 2013** | Year ended March 31, 2012 |
|---|---|---|
| **28 Other Expenses** | | |
| Power and fuel | **429.78** | 366.25 |
| Stores Consumed | **311.35** | 251.31 |
| Jobwork and Processing Charges | **82.98** | 70.63 |
| Insurance | **4.64** | 4.61 |
| Printing, Stationery & Communication | **13.89** | 12.83 |
| Rent | **165.01** | 129.95 |
| Commission, Brokerage and Discounts | **98.33** | 90.01 |
| Rates and taxes | **20.28** | 14.76 |
| Repairs: | | |
| To Buildings | **3.19** | 2.66 |
| To Machineries | **90.35** | 92.97 |
| To Others | **27.73** | 20.07 |
| Freight, Insurance and Clearing Charges | **51.59** | 36.68 |
| Excise Duty borne by Company | **50.79** | 50.91 |
| Legal and Professional Fees | **24.94** | 19.17 |
| Conveyance and Travelling Expenses | **30.31** | 24.01 |
| Advertisement and Publicity | **80.70** | 73.70 |
| Directors' sitting fees | **0.02** | 0.05 |
| Miscellaneous Labour Charges | **58.33** | 59.37 |
| Royalty on Sales | **33.83** | - |
| Provision for Doubtful Debts | **0.72** | 0.91 |
| Bad Debts written off | **0.03** | 1.76 |
| Sundry Debits written off | **1.57** | 1.38 |
| Fixed Assets Written off | **0.58** | 2.02 |
| Payments to the auditor as | | |
| (a) Auditor | **1.14** | 1.07 |
| (b) For tax audit matters | **0.16** | 0.14 |
| (c) For taxation matters | **0.10** | 0.10 |
| (d) For Company law matters | **0.24** | 0.24 |
| (e) For Other Certification work | **0.48** | 0.42 |
| (f) For reimbursement of expenses | **0.07** | 0.06 |
| Exchange Difference (Net) | **15.49** | 18.91 |
| Loss on Sale of Investments (Net) | **-** | 1.54 |
| Loans to Subsidiaries Written Off | **-** | 7.91 |
| Less : Adjusted against Provision for doubtful Loans | **-** | (7.91) |
| Goodwill on Amalgamation Written Off | | 45.49 |
| Charge on account of alignment of accounting policies of Amalgamated Company with the Company | **-** | 10.82 |
| | **-** | 56.31 |
| Less : Amount Transferred from Opening balance of Surplus in Statement of Profit and Loss | **-** | (56.31) |
| | **-** | - |
| Miscellaneous Expenses | **103.92** | 128.28 |
| **Total** | **1,702.54** | 1,476.77 |
| **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 Lifestyle Brands Limited ("ALBL") and Arvind Retail Limited ("ARL") under Sections 391 to 394 of the Companies Act, 1956 for amalgamation of ARL with ALBL has been sanctioned by the High Court of Gujarat at Ahmedabad on 18th April 2013. The Scheme has become effective from the appointed date 1st April, 2011 .

ii Pursuant to the Scheme:

a. ARL has been amalgamated with ALBL with effect from 1st April 2011, (the appointed date).

b. The amalgamation has been accounted for under the "purchase method". Accordingly, as on appointed date, all the assets of ARL have been taken at their fair value and all the liabilities including the contingent liabilities have been accounted for on the basis of accrual and certainty as decided by the management.

**31 Earning Per Share (EPS)** ₹ in Crores, unless otherwise stated

| **Particulars** | | **Year ended March 31, 2013** | Year ended March 31, 2012 |
|---|---|---|---|
| Profit after Tax before Extra Ordinary Item | | **248.41** | 244.69 |
| Add : Extra Ordinary Item (Net of Tax of ₹ 53.86 Crores) | | - | 191.18 |
| Profit after Extra Ordinary Item available to equity shareholders | | **248.41** | 435.87 |
| **Weighted average no. of Equity Shares** | | | |
| For Basic EPS | Nos. | **258,043,069** | 257,983,329 |
| For Diluted EPS | Nos. | **258,048,828** | 257,983,329 |
| Nominal value of Equity Shares | ₹ | **10.00** | 10.00 |
| **Basic Earning Per Share** | | | |
| Before Extra Ordinary Item | ₹ | **9.63** | 9.48 |
| After Extra Ordinary Item | ₹ | **9.63** | 16.90 |
| **Diluted Earning Per Share** | | | |
| Before Extra Ordinary Item | ₹ | **9.63** | 9.48 |
| After Extra Ordinary Item | ₹ | **9.63** | 16.90 |
| **Weighted average number of Equity Shares** | | | |
| No. of Shares for Basic EPS | | **258,043,069** | 257,983,329 |
| Dilutive Effect of ESOS | | **5,759** | - |
| No. of Shares for Diluted EPS after considering dilute effect of outstanding stock | | **258,048,828** | 257,983,329 |

**32 Employee Share Based Payment**

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

| **Scheme** | **ESOS 2008 Tranche - II** |
|---|---|
| Date of Grant | April 21, 2011 |
| Number of options granted | 200,000 |
| Exercise Price per option | ₹ 73.70 |
| Date of vesting | 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. |
| Method of settlement | 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.

# Notes to Consolidated Financial Statements

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

| Particulars | ESOS 2008 | |
|---|---|---|
| | Tranche-II | |
| | 2012-13 | 2011-12 |
| **Options** | | |
| Outstanding at the beginning of year | **200,000** | - |
| Granted During the year | **-** | 200,000 |
| Lapsed during the year | **-** | - |
| Exercised during the year | **-** | - |
| Vested but not exercised at the end of year | **66,660** | - |
| Not vested at the end of year | **133,340** | 200,000 |
| **Weighted Average Exercise Price per Option** | **₹ 73.70** | ₹ 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-II | | |
| | Vesting on April 30, | | |
| | 2012 | 2013 | 2014 |
| Estimated Value of Stock Options (₹) | 32.45 | 39.47 | 42.63 |
| Share Price at Grant Date (₹) | 73.70 | 73.70 | 73.70 |
| Exercise Price (₹) | 73.70 | 73.70 | 73.70 |
| Expected Volatility (%) | 62.46% | 65.93% | 62.19% |
| Dividend Yield Rate (%) | 0.00% | 0.00% | 0.00% |
| Expected Life of Options(in years) | 2.53 | 3.53 | 4.53 |
| Risk Free Rate of Interest (%) | 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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Profit before Extra Ordinary Item available to equity shareholders | **248.41** | 244.69 |
| Less : Amortization of Compensation Cost (pro forma) | **0.23** | 0.43 |
| Profit before Extra Ordinary Item available to equity shareholders | **248.18** | 244.26 |
| Add : Extra Ordinary Item | **-** | 191.18 |
| Profit after Extra Ordinary Item and amortization of Compensation Cost (pro forma) | **248.18** | 435.44 |
| **Earning Per Share - Basic and Diluted** | | |
| Profit before Extra Ordinary Item | | |
| - as reported | **9.63** | 9.48 |
| - pro forma | **9.62** | 9.47 |
| **Profit after Extra Ordinary Item** | | |
| - as reported | **9.63** | 16.90 |
| - pro forma | **9.62** | 16.88 |

**33 Segment Reporting**

**(A) Primary Segment (Business Segment)** ₹ in Crores

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Segment Revenue** | | |
| a) Textiles | **3713.35** | 3422.63 |
| b) Brands and Retail | **1404.07** | 1323.51 |
| c) Others | **240.32** | 224.11 |
| d) Unallocable | **-** | - |
| **Total Sales** | **5357.74** | 4970.25 |
| Less :Inter Segment Revenue | **65.22** | 45.13 |
| **Net Sales** | **5292.52** | 4925.12 |
| **Segment Results** | | |
| Segment Results before Interest & Finance Cost | | |
| a) Textiles | **521.52** | 527.72 |
| b) Brands and Retail | **25.71** | 41.93 |
| c) Others | **22.58** | 18.44 |
| d) Unallocable | **(6.14)** | (28.74) |
| **Total Segment Results** | **563.67** | 559.35 |
| Less : Interest & Finance Cost | **315.34** | 309.10 |
| **Profit from Ordinary Activities** | **248.33** | 250.25 |
| Extra Ordinary Items (Net) | **-** | 245.04 |
| **Profit before Tax** | **248.33** | 495.29 |
| **Other Information** | | |
| **Segment Assets** | | |
| a) Textiles | **3652.29** | 3267.37 |
| b) Brands and Retail | **1195.04** | 943.23 |
| c) Others | **457.31** | 310.72 |
| d) Unallocable | **928.75** | 883.84 |
| **Total Assets** | **6233.39** | 5405.16 |
| **Segment Liabilities** | | |
| a) Textiles | **643.69** | 686.02 |
| b) Brands and Retail | **451.31** | 360.44 |
| c) Others | **240.07** | 76.56 |
| d) Unallocable | **172.76** | 117.13 |
| **Total Liabilities** | **1507.83** | 1240.15 |
| **Segment Depreciation/Impairment** | | |
| a) Textiles | **143.36** | 120.14 |
| b) Brands and Retail | **49.13** | 31.87 |
| c) Others | **5.58** | 3.24 |
| d) Unallocable | **6.23** | 6.14 |
| **Total Depreciation/Impairment** | **204.30** | 161.39 |
| **Capital Expenditure** | | |
| a) Textiles | **294.32** | 338.43 |
| b) Brands and Retail | **86.24** | 83.84 |
| c) Others | **23.85** | 6.51 |
| d) Unallocable | **0.61** | 13.40 |
| **Total Capital Expenditure** | **405.02** | 442.18 |
| **Non cash expenses other than Depreciation** | | |
| a) Textiles | **1.04** | 3.37 |
| b) Brands and Retail | **0.20** | 1.87 |
| c) Others | **1.58** | 0.69 |
| d) Unallocable | **0.12** | 14.53 |
| **Total Non cash expenses other than Depreciation** | **2.94** | 20.46 |

# Notes to Consolidated Financial Statements

**(B) Secondary Segment (Geographical by Customers)**

₹ in Crores

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Segment Revenue** | | |
| a) In India | **3820.22** | 3404.46 |
| b) Outside India | **1472.30** | 1520.66 |
| **Total Sales** | **5292.52** | 4925.12 |
| **Carrying Cost of Assets by location of Assets** | | |
| a) In India | **6120.05** | 5259.29 |
| b) Outside India | **113.34** | 145.87 |
| **Total** | **6233.39** | 5405.16 |
| **Addition to Assets** | | |
| a) In India | **402.54** | 442.18 |
| b) Outside India | **2.48** | - |
| **Total** | **405.02** | 442.18 |

**Notes:**

1. The Company has considered business segment as the primary reporting segment. Segments have been identified taking into account the nature of the products and services, differential risks and returns, the Organizational structure and internal reporting system. Consequently, the geographical segment has been considered as a secondary segment.
2. The business sgement comprise of the following:
   **Textiles :** Fabric, Yarn and Garments
   **Brands and Retail :** Branded Garments and Apparels
   **Others :** EPABX Systems (Electronics), Construction and Project Activity
3. Geographical segment is considered based on sales within India and outside India.
4. Intersegment Revenues are recognised at sales price.

**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 :

**a Name of Related Parties and Nature of Relationship :**

| | |
|---|---|
| Shri Sanjay S. Lalbhai, Chairman and Managing Director | Key Management Personnel |
| Shri Jayesh K. Shah, Director & Chief Financial Officer | Key Management Personnel |
| Shri Punit S. Lalbhai | Key Management Personnel |
| Shri Kulin S. Lalbhai | Key Management Personnel |
| Shri Darshil J. Shah, Son of Director & Chief Financial Officer | Relative of Key Management Personnel |
| Aura Securities Private Limited | Company under the control of Key Managerial Personnel |
| Amplus Capital Advisors Private Limited | Company under the control of Key Managerial Personnel |

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

**b Transactions and Balances :**

₹ in Crores

| Nature of Transactions | Key Management Personnel and relatives Year ended March 31, 2013 | Key Management Personnel and relatives Year ended March 31, 2012 | Company under the control of Key Managerial Personnel Year ended March 31, 2013 | Company under the control of Key Managerial Personnel Year ended March 31, 2012 |
|---|---|---|---|---|
| **Transactions** | | | | |
| Sales of Goods and Materials | | | **7.00** | 9.65 |
| Remuneration | **8.98** | 5.40 | | |
| Other Income | | | **0.02** | - |
| Interest Expense | | | **1.22** | 1.49 |
| Loan Received/(Repaid) (Net) | | | **(13.96)** | 17.06 |
| **Balances as at year end** | | | | |
| Trade and other payable | | | **2.75** | 3.65 |
| Payable in respect of loans | | | **0.26** | 25.69 |

**c Disclosure in respect of Related Party Transactions :**

₹ in Crores

| Nature of Transactions | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| **Sales of Goods and Materials** | | |
| Aura Securities Private Limited | **7.00** | 9.65 |
| **Remuneration** | | |
| Shri Sanjay S. Lalbhai, Chairman and Managing Director | **4.70** | 2.90 |
| Shri Jayesh K. Shah, Director & Chief Financial Officer | **3.03** | 2.24 |
| Shri Punit S. Lalbhai | **0.57** | 0.24 |
| Shri Kulin S. Lalbhai | **0.58** | 0.00 |
| Shri Darshil J. Shah, Son of Director & Chief Financial Officer | **0.10** | 0.02 |
| **Other Income** | | |
| Amplus Capital Advisors Private Limited | **0.02** | - |
| **Interest Expense** | | |
| Aura Securities Private Limited | **1.22** | 1.49 |
| **Loan Received/(Repaid) (Net)** | | |
| Aura Securities Private Limited | **(13.96)** | 17.06 |
| **Trade and other payable** | | |
| Aura Securities Private Limited | **2.75** | 3.65 |
| **Payable in respect of Loans** | | |
| Aura Securities Private Limited | **0.26** | 25.69 |

# Notes to Consolidated Financial Statements

**35 Lease Rent**

**Operating Lease:**

(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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 4.12 | 4.22 |
| Not later than one year | 0.11 | 0.10 |
| Later than one year and not later than five years | 0.44 | 0.43 |
| Later than five years | 3.57 | 3.69 |
| Lease Payment recognised in Statement of Profit and Loss | 0.11 | 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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 89.44 | 72.51 |
| Not later than one year | 9.76 | 7.18 |
| Later than one year and not later than five years | 36.70 | 23.54 |
| Later than five years | 42.98 | 41.79 |
| Lease Payment recognised in Statement of Profit and Loss | 8.94 | 7.50 |

(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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 135.68 | 183.91 |
| Not later than one year | 30.53 | 35.40 |
| Later than one year and not later than five years | 93.64 | 111.39 |
| Later than five years | 11.51 | 37.12 |
| Lease Payment recognised in Statement of Profit and Loss | 37.00 | 37.55 |

(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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments obligation on non-cancellable operating leases: | 128.05 | 100.20 |
| Not later than one year | 40.47 | 38.05 |
| Later than one year and not later than five years | 62.01 | 53.09 |
| Later than five years | 25.57 | 9.06 |
| Lease Payment recognised in Statement of Profit and Loss | 112.97 | 78.28 |

(E) 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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments under non-cancellable operating leases: | 15.71 | - |
| Not later than one year | 1.36 | - |
| Later than one year and not later than five years | 5.42 | - |
| Later than five years | 8.93 | - |
| Lease income recognised in Statement of Profit and Loss | 0.57 | 0.11 |

(F) Rent Income also includes Lease Rental received towards 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, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Future Minimum lease payments under non-cancellable operating leases: | 0.29 | 0.30 |
| Not later than one year | 0.14 | 0.12 |
| Later than one year and not later than five years | 0.15 | 0.18 |
| Later than five years | - | - |
| Lease income recognised in Statement of Profit and Loss | 0.51 | 0.43 |

**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 lower by ₹ 4.20 Crores, (Previous year higher by ₹ 1 Crores) and Hedge Reserve account is debited by ₹ 23.64 Crores (Previous year ₹ 98.25 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 ₹ 3.75 Crores being the exchange rate loss for the year (Previous year ₹ 0.30 Crores) has been adjusted against the fixed assets.

(b) An amount of ₹ 4.90 Crores being the exchange rate loss for the year (Previous year ₹ 4.19 Crores) remains to be amortized as at the balance sheet date.

# Notes to Consolidated Financial Statements

**39 Disclosure in respect of Derivative Instruments and Unhedged Foreign Currency Transactions**

**a Category-wise Quantitative data about derivative instruments outstanding:**

| Particulars | Currency | As at 31st March, 2013 | | | As at 31st March, 2012 | | |
|---|---|---|---|---|---|---|---|
| | | In Mn | Avg. Ex. Rate | ₹ in Crores | In Mn | Avg. Ex. Rate | ₹ in Crores |
| Forward Sales | USD | **60.71** | **52.3898** | **318.06** | 206.87 | 49.1051 | 1,015.84 |
| | EUR | **0.81** | **72.7398** | **5.88** | 1.25 | 70.3030 | 8.78 |
| Forward Purchase | USD | **10.08** | **55.4186** | **55.86** | 34.03 | 51.1847 | 174.21 |
| | JPY | **193.98** | **0.6141** | **11.91** | - | - | - |
| Interest Swap | USD | **10.00** | **56.7325** | **56.73** | - | - | - |
| Option Deals | USD | **-** | **-** | **-** | 66.00 | 50.6136 | 334.05 |

**b Unhedged Foreign Currency Transactions:**

| Particulars | Currency | As at 31st March, 2013 | | As at 31st March, 2012 | |
|---|---|---|---|---|---|
| | | In Mn | ₹ in Crores | In Mn | ₹ in Crores |
| Payable towards royalty | USD | **1.45** | **7.89** | 1.03 | 6.05 |
| | SEK | **0.29** | **0.24** | 0.36 | 0.32 |
| | EUR | **0.02** | **0.12** | - | - |
| Payable for purchase of goods | USD | **17.17** | **90.87** | 0.59 | 3.01 |
| | GBP | **0.25** | **2.09** | - | - |
| | EUR | **0.39** | **2.73** | 0.16 | 1.10 |
| Receivable on sale of goods | USD | **0.83** | **4.51** | 0.84 | 4.28 |
| Payable towards Foreign Currency Loans | USD | **3.65** | **19.80** | 1.05 | 5.33 |
| | GBP | **0.09** | **0.72** | - | - |

**40 Disclosure in respect of Construction/Job work Contracts**

₹ in Crores

| Particulars | Year ended March 31, 2013 | Year ended March 31, 2012 |
|---|---|---|
| Amount of Contract Revenue recognized | **29.89** | 41.33 |
| **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 | **29.89** | 41.33 |
| Advance received from customers | **6.03** | 19.50 |
| Due from customers | **1.61** | 5.97 |
| Due to customers | **-** | 0.08 |

**41 Capital Reserve on Consolidation**

Capital Reserve on Consolidation includes 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 in earlier years.

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

**43** Previous year figures have been regrouped or recast wherever necessary to make them comparable with those of the current year.

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 16, 2013

**SANJAY S. LALBHAI** Chairman & Managing Director

**JAYESH K. SHAH** Director & Chief Financial Officer

**R. V. BHIMANI** Company Secretary

## 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 | (20.98) | 4.39 | 25.29 | [1] | 7.20 | 0.89 | 0.30 | 0.59 | Nil |
| 2 | The Anup Engineering Limited | 3.40 | 33.83 | 66.39 | 29.16 | [2] | 73.45 | 7.00 | 2.06 | 4.94 | Nil |
| 3 | Arvind Lifestyle Brands Limited | 27.34 | 221.61 | 1089.74 | 840.79 | [3] | 1285.47 | (19.22) | (6.13) | (13.09) | Nil |
| 4 | Arvind Accel Limited | 0.05 | (12.74) | 18.42 | 31.11 | [2] | 4.85 | (7.85) | (0.04) | (7.81) | Nil |
| 5 | Syntel Telecom Limited | 0.05 | (1.41) | 0.31 | 1.67 | [2] | 0.02 | (0.03) | 0.00 | (0.03) | Nil |
| 6 | Arvind Infrastructure Limited | 1.05 | 15.03 | 165.81 | 149.73 | [4] | 18.78 | 3.21 | (0.03) | 3.24 | Nil |
| 7 | Arvind Brands and Retail Limited | 10.45 | 239.79 | 285.69 | 35.45 | [2] | 0.00 | 0.19 | 0.00 | 0.19 | Nil |
| 8 | Arvind PD Composites Private Limited | 0.12 | 8.61 | 25.04 | 16.31 | [2] | 2.67 | (1.57) | 0.00 | (1.57) | Nil |
| 9 | Arvind Envisol Pvt. Ltd. | 0.01 | 0.96 | 7.25 | 6.28 | [2] | 17.20 | 1.43 | 0.46 | 0.97 | Nil |
| 10 | Arvind Goodhill Suit Manufacturing Private Limited | 0.02 | (0.06) | 2.34 | 2.38 | [2] | 0.00 | (0.07) | 0.00 | (0.07) | Nil |
| 11 | Arvind Spinning Park Pvt. Ltd. | 0.01 | 0.00 | 0.01 | 0.00 | [2] | 0.00 | 0.00 | 0.00 | -0.00 | Nil |
| 12 | Arvind Processing Park Pvt. Ltd. | 0.01 | 0.00 | 0.01 | 0.00 | [2] | 0.00 | 0.00 | 0.00 | -0.00 | Nil |
| 13 | Arvind OG Nonwovens Pvt. Limited | 0.01 | (0.20) | 0.01 | 0.20 | [2] | 0.00 | (0.20) | 0.00 | (0.20) | Nil |
| 14 | Arvind Hebbal Homes Private Limited | 0.01 | 0.39 | 39.92 | 39.52 | [2] | 0.00 | 0.01 | 0.00 | 0.01 | Nil |
| 15 | Arvind Worldwide Inc. USA | 2.19 | 0.51 | 4.70 | 2.00 | [2] | 8.60 | 0.36 | 0.01 | 0.35 | Nil |
| 16 | Arvind Worldwide (M) Inc. Mauritius | 23.87 | (28.29) | 1.66 | 6.08 | [2] | 0.00 | (0.04) | 0.00 | (0.04) | Nil |
| 17 | Arvind Overseas (M) Limited, Mauritius | 42.35 | (42.17) | 0.30 | 0.12 | [2] | 0.00 | 0.00 | 0.00 | 0.00 | Nil |
| 18 | Arvind Spinning Limited, Mauritius | 14.63 | (14.53) | 0.10 | 0.00 | [2] | 0.00 | 0.00 | 0.00 | 0.00 | Nil |
| 19 | Arvind Textile Mills Limited, Bangladesh | 0.20 | (5.65) | 2.50 | 7.95 | [2] | 0.00 | (1.67) | 0.00 | (1.67) | Nil |
| 20 | Arvind Niloy Exports Pvt. Ltd., Bangladesh | 0.25 | (0.13) | 0.28 | 0.16 | [2] | 0.00 | (0.19) | 0.00 | (0.19) | 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 | 26.00 |

# 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 : +91-79-30137350
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 : +91-2764-395000
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 Goodhill Suit Manufacturing Private Limited
Plot No.50 B1 & 50 C1, Survey No. 299,
Bommasandra Industrial Area,
Bangalore - 560099
E-mail : ashish.kumar@arvindexports.com

The Anup Engineering Limited
Behind 66KV Electric 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 Bhoyan Ta: Kalol
Dist: Gandhinagar, Gujarat –382721
Tel :02764 396223-02764 395000
Fax: 02764-395043
E-mail : rajesh.patel@arvind-pd.in

Arvind Envisol Private Limited
Arvind Mill Premises, Naroda Road,
Ahmedabad – 380 025
Tel: 079-3013456 / 8454
Fax: 079-30138677
E-mail : dinesh.yadav@arvind.in

Arvind and Smart Value Homes LLP
1008-1009 Venus Atlantis,
Opp. Safal Pegasus,
100 ft. Ring Road, Prahladnagar,
Ahmedabad - 380015
Tel : +91-79-30137000
Fax:+91-79-30137021
E-mail : corporateinfo@smartvaluehomes.in

Tommy Hillfiger Arvind Fashion Private Limited
4, Brunton First Cross Road
Bangalore - 560 025
Tel : +91-80-49363100
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
E-mail:manoj.kottil@aryaomnitalk.com

# Overseas Offices

Arvind Worldwide Inc.
130, West, 42nd Street,
Suite 603, 6th Floor,
New York, NY 10036, USA
Tel +(212)768-4815X104
E-mail : raju@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 Limited
Unit 1705, 17th Floor, Trendy Centre
682-684 Castle Peak Road
Cheung Sha Wan
Kowloon, Hongkong
Tel : +852 66271025
Fax : +852 27820090
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 Monday, the 29th July, 2013 and at any adjournment thereof.

Signed this ______________________ day of ______________________ 2013

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.

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# ARVIND LIMITED

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 Monday, the 29th July, 2013 at 9.30 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)

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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.

For any enquiry, suggestion or feedback, Email us on customer.care@arvind.com

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 THE ARVIND STORE

**ANDHRA PRADESH:** **Anantpur:** Ph: (08554) 228399 • **Cuddapah:** Ph: (08562) 220076 • **Guntur:** Ph: (0863) 2228618 • **Hanamkonda:** Ph: (0870) 2555477 • **Hyderabad:** • A S Rao Nagar: Ph: (040) 40040708 • Ameerpet: Ph: (040) 66418883 • Attapur: Ph: (040) 40184222 • Chandanagar: Ph: (040) 23030314 • Chikkadpally: Ph: (040) 65554460 • Disukhnagar: Ph: (040) 42204646 • Himayatnagar: Ph: (040) 40404052 • Jubilee Hills: Ph: (040) 23548610/9610 • Kukatpally: Ph: (040) 64530492 • Kothapet: Ph: (040) 24031617 • Trimulgherry: Ph: (040) 65275678 • Vanasthalipuram: Ph: (040) 24114295 • **Jagtial:** Ph: (08724) 228883 • **Kakinada:** Ph: (0884) 6668116 • **Karimnagar:** Ph: (0878) 2241234 • **Khammam:** Ph: (08742) 225455 • **Kothagudem:** Ph: (08744) 246654 • **Kurnool:** Ph: (08518) 227599 • **Mancherial:** Ph: (08736) 252123 • **Mahabubnagar:** Ph: (0854) 2245143 • **Nalgonda:** Ph: (08682) 230455 • **Nellore:** Ph: (0861) 2343343 • **Nizamabad:** Ph: (08462) 234567 • **Proddatur:** Ph: (08564) 254988 • **Srikakulam:** Ph: (08942) 222355 • **Vijayawada:** • Governorpet: Ph: (0866) 6639344 • M. G. Road: Ph: (0866) 3073618 • **Visakhapatnam:** • Daba Garden: Ph: (0891) 6589399 • Old Gajuwaka: Ph: (0891) 6450406 • **Vizianagaram:** Ph: (08922) 236194 • **Warangal:** Ph: (0870) 2426777 • **CHHATTISGARH:** Raipur: Ph: (0771) 6501415 • **GUJARAT:** • **Ahmedabad:** • Ashram Road: Ph: (079) 65446533, 40072819 • Chandkheda: Ph: (079) 23290605 • Drive-in: Ph: 40192822 • Maninagar: Ph: (079) 65446534 • **Anand:** Ph: (02692) 267202 • **Bhavnagar:** Ph: (0278) 2525000 • **Porbandar:** Ph: (0286) 2243444 / 2242444 • **Rajkot:** Ph: (0281) 2230144 • **Surat:** • Ghod-dod: Ph: (0261) 2226666/4 • Bhatar Char Rasta: Ph: (0261) 2238343/3992099 • **Vadodara:** • Alkapuri: Ph: (0265) 2322202 • Fateh Ganj: Ph: (0265) 2750014 • **KARNATAKA:** • **Bangalore:** • Basaweshwaranagar: Ph: (080) 40959168 • Basavanagudi: Ph: (080) 40978485 • Indiranagar: Ph: (080) 25212011 • Kammanahalli: Ph: (080) 42095475 • Kathriguppe Circle: Ph: (080) 42154333 • Malleswaram: Ph: (080) 23368795 • Yelahanka: Ph: (080) 41105944 • Bel Road: Ph: (080) 41666689 • **Belgaum:** Ph: (0831) 2420769 • **Davangere:** Ph: (08192) 255151/2 • **Gulbarga:** Ph: (08472) 237477 • **Mysore:** Ph: (0821) 4194752/3/2540555 • **KERALA:** • **Calicut:** Ph: (0495) 2761080 • **Kollam:** Ph: (0474) 2741006/2741007 • **Palakkad:** Ph: (0491) 2548877 • **Trivandrum:** Ph: (0471) 2465118 • **Thiruvella:** Ph: (0469) 2624950 • **Kottayam:** Ph: (0481) 2300074 • **MAHARASHTRA:** • **Kolhapur:** Ph: (0231) 6615005 • **Latur:** Ph: (02382) 255550 • **Mumbai:** • Borivali (W): Ph: (022) 28911311 • Mira Road (E): Ph: (022) 65605253 • Thane: Ph: (022) 25399546 • Dombivali: Ph: (0251) 2424488 • **Nagpur:** Ph: (0712) 2724422 • **Nanded:** Ph: (02462) 232789 • **Nasik:** Ph: (0253) 2319339 • **Sangli:** Ph: (0233) 6615777 • **Solapur:** Ph: (0217) 2325872 • **ORISSA:** **Bhubaneshwar:** Ph: (0674) 2549790/9237294002 • **RAJASTHAN:** • **Jaipur:** • Tonk Road: Ph: (0141) 4026761 • Vaishali Nagar: Ph: (0141) 4027116 • **Udaipur:** Ph: (0294) 3297036, 2413338 • **UTTARAKHAND:** • **Haldwani:** Ph: (05946) 283322 • **TAMIL NADU:** • **Chennai:** • Metha Nagar: Ph: (044) 42082447 • Valasaravakkam: Ph: (044) 49124444 • Arumbakkam: Ph: (044) 49194444 • **Coimbatore:** Ph: (0422) 4365557 • **Trichy:** Ph: (0431) 4064444 • **Madurai:** Ph: (0452) 4371444 • **UTTAR PRADESH:** **Varanasi:** Ph: (0542) 2410062/3 • **WEST BENGAL:** • **Burdwan:** Ph: 8640059140 • **Durgapur:** Ph: 9233501222 • **Haldia:** Ph: (03224) 278325 • **Kolkata:** Ph: 9836663722 • **Siliguri:** Ph: (0353) 6502110.

**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' ½ 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 Kuberlal 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.)

Roopkala Cloth Centre, Opp Nilkanth Mahadev, Kapadvanj.

Bansidhar, Station Road, Mehsana.

Hemang Stores, Bazar, Rajula City

Shah Chatrabhuj Nanchand, Jawahar Chowk, Surendranagar.

'Sajan', Jawahar Road, Surendranagar.

Patel Mangalal Motiram, Darjee Chaklo, Unjha

Abhinandan, Mahatma Gandhi Road, Valsad.

Asgarali Emporium, Killapardi, Dist. Valsad.

Avkar Cloth Stores, 9, Municipal Commercial Centre,
Near Three Gate Tower, Visnagar.

Hirachand Kalidas, J.P. Marg, Una.

Royal Cloth Centre, Rohit Bhavan, Kave Khabardar marg, Daman.

M/s. M. S. Synthetic, 144/A, Jamnalal Bajaj Street,
Kolkata- 700007

M/s. Siddharth Textiles, 15, Noormal-Lohia Lane,
Kolkata-700007

M/s. S. N & Co, 35, Armenian Street, Kolkata-700001

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**Arvind Limited**

Date:

Bill No.:

FABRIC COUPON

**A Rs. 500.00**

ARVIND

Time: 11.00 am to 6.00 pm

Valid Upto: 30.09.2014

---

**Arvind Limited**

Date:

Bill No.:

FABRIC COUPON

**B Rs. 500.00**

ARVIND

Time: 11.00 am to 6.00 pm

Valid Upto: 30.09.2014

---

**Arvind Limited**

Date:

Bill No.:

FABRIC COUPON

**C Rs. 250.00**

ARVIND

Time: 11.00 am to 6.00 pm

Valid Upto: 30.09.2014

---

**Arvind Limited**

Date:

Bill No.:

FABRIC COUPON

**D Rs. 250.00**

ARVIND

Time: 11.00 am to 6.00 pm

Valid Upto: 30.09.2014

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**Arvind Limited**

Date:

Bill No.:

FABRIC COUPON

**E Rs. 250.00**

ARVIND

Time: 11.00 am to 6.00 pm

Valid Upto: 30.09.2014

---

**Arvind Limited**

Date:

Bill No.:

FABRIC COUPON

**F Rs. 250.00**

ARVIND

Time: 11.00 am to 6.00 pm

Valid Upto: 30.09.2014

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*If undelivered, please return to:*

**Arvind Limited**

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