

ARVIND

Annual Report 2009 - 2010



ARVIND LIMITED
Enriching Lifestyles...

Directors

Mr. Sanjay S. Lalbhai	Chairman & Managing Director
Mr. Jayesh K. Shah	Director & Chief Financial Officer
Mr. Sudhir Mehta	
Dr. Bakul Dholakia	
Mr. Munesh Khanna	
Mr. G. M. Yadwadkar	Nominated by IDBI Bank Ltd.
Mr. R. W. Khanna	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
Canara Bank

Auditors

Sorab S. Engineer & Co.
Chartered Accountants
381, Dr. D. Naoroji Road,
Fort, Mumbai - 400 023.

Registered Office

Naroda Road,
Ahmedabad - 380 025.

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✦ NEW 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@shareproservices.com

Notice

NOTICE is hereby given that the Annual General Meeting of the members of the Company will be held on Saturday, the 25th September, 2010 at 10.30 a.m. at Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380006 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, 2010 and the Reports of the Directors and Auditors thereon.
2. To declare dividends.
3. To appoint a Director in place of Mr. Munesh Khanna, who retires by rotation in terms of Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Jayesh Shah, who retires by rotation in terms of Article 129 of the Articles of Association of the Company and being eligible, offers himself for reappointment.
5. To appoint auditors and to fix their remuneration.

SPECIAL BUSINESS

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

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

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

RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 311, 314 (1B) read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or enactment thereof for the time being in force) the consent of the Company be and is hereby accorded to the terms of reappointment of Mr. Sanjay S. Lalbhai as Chairman & Managing Director of the Company for a period of three years from 1st January, 2010 to 31st December, 2012 on the terms and conditions as set out in the draft agreement of the reappointment submitted to the meeting and initialed by the Chairman for identification and that he be paid remuneration by way

of salary, perquisites, allowances and commission as approved by the Board of Directors of the Company and the Remuneration Committee and as set out in the Explanatory Statement annexed hereto.

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

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

“RESOLVED THAT in supersession of Resolution passed by the members in their meeting held on 29th September, 2007 and pursuant to Sections 198, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to all approvals, permissions and sanctions as may be necessary, approval of the Company be and is hereby accorded for the payment of commission to the Director(s) of the Company who is/are neither in the whole-time employment nor managing director(s), in accordance with and up to the limits not exceeding 1% as laid down under the provisions of Section 309(4) of the Act, computed in the manner specified in the Act, and be paid to the Directors of the Company or some or any of them (other than the Managing Director and Wholetime Director(s)), for a period of 5 years from 1st April, 2010 to 31st March, 2015 in such manner and up to such amount within the above limit as the Board and/or Committee of the Board may, from time to time, determine.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board and/or Committee constituted by the Board be and are hereby authorised to take all actions and do all such deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard.”

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

Registered Office:
Naroda Road,
Ahmedabad - 380 025

Date : 29th July, 2010

By Order of the Board

SANJAY S. LALBHAI
Chairman & Managing Director

NOTES

- 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.
- Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends up to the financial year ended 31st March, 1998 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. The Company did not declare any dividends on equity shares for the financial years 1998-1999 to 2002-2003.
- Members are requested to notify promptly any change in their addresses to our Registrar and Transfer Agent viz. Sharepro Services (India) Pvt. Ltd., Unit: Arvind Limited, 416-420, 4th floor, Devnandan Mall, Opposite Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006.
- The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 14th September, 2010 to Friday, the 24th September, 2010 (both days inclusive).

- Documents referred to in the Explanatory Statement attached hereto are available for inspection by the shareholders at the Registered Office of the Company during business hours on any working day.
- 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.
- Shareholders intending to require information about Accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.

Registered Office:
Naroda Road,
Ahmedabad-380 025

By Order of the Board

SANJAY S. LALBHAI
Chairman & Managing Director

Date : 29th July, 2010

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

Item No. 6

The Directors of the Company had appointed Dr. Bakul H. Dholakia as an Additional Director of the Company on 21st July, 2010 by way of a circular resolution. The said appointment was in pursuance of the provisions of Section 260 of the Companies Act, 1956 and accordingly the said Director holds office only upto the date of this Annual General Meeting. The Company has received a notice in writing alongwith the necessary amount as deposit from a member signifying his intention to propose his candidature for the office of the Director, in terms of Section 257 of the Companies Act, 1956.

Dr. Bakul H. Dholakia, 63 years, is M.A., Ph.D in Economics. He has 41 years of professional experience including 33 years at IIM, Ahmedabad and served as the Dean from 1998 to 2001 and as the Director of the Institute for a period of five years from 2002 to 2007. 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. Dr. Dholakia is the author of 12 books including The Sources of Economic Growth in India, Principles of Macroeconomics etc. Currently, Dr. Dholakia is leading the educational initiatives of Adani Group.

The details of Directorships, Memberships/Chairmanships of Committees of Other Companies held by Dr. Bakul H. Dholakia are as under :

Directorships held in Other Companies:	Memberships/Chairmanships of Committees of other Companies:
1. Ashima Ltd.	Audit Committee :
2. Ashima Dyecot Ltd.	Chairman - Ashima Limited
3. Reliance Natural Resources Ltd.	Ashima Dyecot Limited
4. Shipping Corporation of India Ltd.	Member - Reliance Natural Resources Limited
	Shipping Corporation of India Limited
	Shareholders/Investors Grievance Committee:
	Member - Reliance Natural Resources Limited
	Remuneration Committee :
	Chairman - Ashima Limited
	Ashima Dyecot Limited

Dr. Bakul H. Dholakia is not holding any equity shares of the Company and is not related to any Director of the Company.

The Board commends the resolution at Item No. 6 for approval of members. Dr. Bakul H. Dholakia may be deemed to be concerned or interested in the said resolution relating to his appointment. No other Directors are in any manner concerned or interested in the said resolution.

Item No. 7

Resolution under Item No. 7 of the Notice relates to the reappointment of Mr. Sanjay S. Lalbhai as Chairman & Managing Director of the Company for a further period of three years from 1st January, 2010 to 31st December, 2012 and approval of his remuneration and terms of reappointment.

The Remuneration Committee, at its meeting held on 30th October, 2009, had recommended the reappointment of Mr. Sanjay S. Lalbhai as Chairman & Managing Director and terms of remuneration payable to him for a further period of three years from 1st January, 2010 to 31st December, 2012. The Board of Directors, at their meeting held on 30th October, 2009 had approved the same. The Remuneration Committee and the Board of Directors of the Company are of the opinion that he is fit and proper person to hold the said office and his reappointment will be in the interest of the Company.

The material terms of remuneration of Mr. Sanjay S. Lalbhai effective from 1st January, 2010 to 31st December, 2012 as approved by both Remuneration Committee and Board of Directors in their respective meetings held on 30th October, 2009 are as under :

Remuneration:

(a) Basic Salary:

Rs.3,00,000 (Rupees Three Lacs) per month with such increments as may be decided by the Remuneration Committee and the Board of Directors from time to time, but subject to maximum salary of Rs.10,00,000 (Rupees Ten Lacs) per month.

(b) Perquisites and Allowances:

In addition to salary, the following perquisites/allowances shall be allowed to the Chairman & Managing Director:

CATEGORY – A

i) Housing :

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

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

ii) Leave Travel Concession:

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

iii) Other Allowances:

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

iv) Personal Accident Insurance :

The Company shall pay/reimburse Personal Accident Insurance Premium upto Rs. 25000/- for the Chairman & Managing Director.

v) Club Fees :

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

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

vi) Medical Reimbursement :

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

CATEGORY – B

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

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

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

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

CATEGORY – C

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

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

CATEGORY – D

The Chairman & Managing Director shall be entitled to Performance Linked Variable Pay / Special Allowance / Role Award / Bonus / Commission on profits etc. or in any other form of Rs.150 lacs per annum or such other amount as the Remuneration Committee may determine subject to the overall limit of remuneration prescribed under Section 198/309 and other applicable provisions of the Companies Act 1956.

Overall Limit:

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

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

In terms of the Schedule XIII to the Companies Act, 1956, the Company can revise the limit of payment of managerial remuneration in a financial year when it has no profit or has inadequacy of profit. The Company can pay remuneration of upto Rs. 4 lacs per month by way of salary as well as perquisites provided, inter alia, the members approval by way of special resolution has been obtained for payment of managerial remuneration for a period not exceeding three years. Accordingly, the resolution at Item Nos. 6 is put before the members as Special Resolution.

As required under the amended Schedule XIII to the Companies Act, 1956, the relevant details for Item No. 7 to be sent along with the notice calling the general meeting are as under:

I. General Information

1. Nature of industry: Textiles Industry
2. Date or expected date of commencement of commercial production:
The Company was incorporated on 1st June, 1931 and commenced commercial production thereafter.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not applicable.
4. Financial performance based on given indicators (As per audited financial statements for the year ended 31.03.2010)

Particulars	Rs. in Crores
Sales & Other Income	2328.72
EBIDTA	321.27
Net Profit/(Loss)	52.00

- Export performance and net foreign exchange collaborations (As per audited financial statements for the year ended 31.03.2010)
Earnings in foreign exchange by exports: Rs. 1061.46 Crores.
- Foreign investments or collaborators, if any : Not Applicable.

II. Information about the appointee

1. Background details:

Mr. Sanjay S. Lalbhai, 56 years, is a Science graduate with a Master's degree in Business Management. He has been associated with the Company for almost 32 years and has been Managing Director since the last 25 years.

2. Past remuneration:

Particulars	FY. 09-10	FY. 08-09
Salary	36,00,000	33,00,000
Perquisites/allowances	1,36,29,525	28,87,450
Commission/Bonus	Nil	Nil
Total	1,72,29,525	61,87,450

Note: Remuneration includes contribution to Provident Fund and Superannuation.

3. Job profile and their suitability:

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

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

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

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

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

6. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:

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

The Board commends the resolution at Item Nos. 7 for your approval.

The Draft of Agreement to be entered into between Mr. Sanjay S. Lalbhai and the Company for remuneration is available for inspection by the

shareholders at the Registered Office of the Company during business hours on any working day.

Since the resolution at Item No. 7 relates to payment of remuneration to Mr. Sanjay S. Lalbhai, he is deemed to be concerned or interested in the said resolution. None of the other Directors of the Company is, in any way, concerned or interested in the resolution.

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

Item No. 8

Currently, the Non-Executive Directors (other than the Managing Director, Wholetime Director(s) and Nominee Directors) are paid Commission at a rate not exceeding 1% per annum of the net profits of the Company, calculated in accordance with the provisions of Section 198, 349 and 350 of the Companies Act, 1956 in terms of the resolution passed by the Members at the Annual General Meeting held on 29th September, 2007 and as decided by the Board of Directors of the Company.

Now it is proposed to include Nominee Directors also for the purpose of remuneration/commission along with other non executive directors as the earlier resolution had excluded them from the payment of such remuneration/commission. Section 309 of the Companies Act, 1956 permits the payment of remuneration to a Director who is neither a Wholetime Director, nor a Managing Director of a Company, by way of commission not exceeding 1% of the net profits of the Company, if the Company authorizes such payment by a Special Resolution at the General Meeting of the Company.

The non-executive directors including Nominee Directors are required to devote more time and attention to the Company, particularly in view of the more responsibility expected of them through Corporate Governance Policies. The Board, therefore, recognizes the need to suitably remunerate the director(s) of the Company who are neither in the wholetime employment nor managing director(s) with commission up to a ceiling of 1% of the net profits, if any, of the Company, every year, computed in the manner specified in the Act, for a period of 5 years from 1st April, 2010 to 31st March, 2015. The Board and/or Committee of the Board may from time to time determine, every year the amount of commission within the limit of 1% of the net profit and the same be apportioned amongst the Non-Executive Directors [other than the Managing Director and Wholetime Director(s)] in such manner as the Board and/or Committee may deem fit for a period from 1st April, 2010 to 31st March, 2015.

The payment of remuneration by way of commission to Non-Executive Directors will be in addition to the sitting fees of Rs.5,000/- payable to them for attending each meeting of the Board/Committee.

The Board of Directors accordingly recommend the resolution set out at Item No.8 of the Notice for the approval of the Members.

All the non-executive directors of the Company, may be deemed to be concerned or interested in this resolution to the extent of commission that may be payable to them from time to time.

Registered Office:
Naroda Road,
Ahmedabad-380 025

By Order of the Board

SANJAY S. LALBHAJI
Chairman & Managing Director

Date : 29th July, 2010

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, 2009 to 31st March, 2010.

1. FINANCIAL RESULTS

Highlights of Financial Results for the year are as under:

Rs. in Crores

	2009-2010	2008-2009
Turnover & Operating Income	2316.89	2353.30
Profit before Depreciation, Interest, Exceptional Items & Taxation	321.27	317.06
Less: Interest and Finance costs	155.47	230.44
Gross Profit after Interest & Finance costs but before Depreciation, Exceptional Items & Taxation	165.80	86.62
Less: Depreciation/Impairment	113.80	122.05
Profit/(Loss) before Exceptional Items & Taxation	52.00	(35.43)
Add/(Less): Prior Period Income/ (Expense)	0.00	0.95
Less: Exceptional Items (Net)	0.00	11.53
Profit/(Loss) before Tax	52.00	(46.01)
Less: Current Tax	8.77	0.00
Less: Deferred Tax	0.00	0.00
Less: Fringe Benefit Tax	0.00	1.86
Add: MAT Credit Entitlement	(8.77)	0.00
Profit/(Loss) for the year	52.00	(47.87)
Balance of Profit brought forward	282.34	434.92
Less: Adjustment due to Demerger	0.43	0.00
Less: Transfer to Capital Redemption Reserve	19.80	13.20
Add: Transfer from Debenture Redemption Reserve	1.20	0.15
Less: Provision for Leave Encashment	0.00	0.00
Less: Transitional Provision on adoption of AS-30	0.00	80.10
Less: Transitional Provision on exercise of option of AS-11	0.00	9.59
Balance available for appropriation	315.31	284.31
Your Directors appropriate the same as under:		
Interim Dividend on Preference Shares paid	0.76	1.68
Tax on Interim Dividend	0.13	0.29
Proposed Dividend on Equity Shares	0.00	0.00
Tax on proposed Dividend	0.00	0.00
Balance carried forward to next year	314.42	282.34
Total	314.42	282.34

2. OPERATIONS

Your Directors are pleased to report that during the year 2009-10, the Company has achieved all round improvement in the operations as a result of higher volumes following robust demand across all the product segments, lower energy cost as result of availability of gas for power generation and favourable exchange rate.

During the year the Company implemented the Scheme of de-merger of its Branded & Retail businesses in to 2 separate wholly owned subsidiary companies; Arvind Lifestyle Brands Limited (ALBL) and Arvind Retail Limited (ARL) respectively. Hence the results for the year 2009-10 are not strictly comparable with the previous year. After adjusting the figures of previous year for demerger, during the year 2009-10, the company has achieved Revenue growth of 23% at Rs. 2317 crores.

The company has registered a Net Profit after Extra-ordinary Items of Rs. 52 crores compared to Net Loss of Rs. 48 crores in the previous financial year.

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

3. DIVIDENDS

Dividend aggregating to Rs. 0.76 crore on 66,00,000 6% Redeemable Cumulative Non-Convertible Preference Shares of Rs. 100/- each has been paid by the Company as interim dividend for the year 2009-10. Your Directors recommend that the interim dividend be fully adjusted as final dividend for the year ended on 31st March, 2010.

Keeping in mind the need to conserve resources, your Directors do not recommend any dividend on Equity Shares for the year.

4. FINANCE

During the year, your Company has repaid the installments of Term Loans amounting to Rs. 121 crores falling due during the current year. The Company has also made fresh borrowings of Rs. 31 crores for funding capital expenditure and other requirements. Long Term Debt including lease of the Company stands to Rs. 990.13 crores as on 31st March, 2010

As reported in the last year, the Company has worked out the reschedulment plan for certain long term debts, amounting to Rs. 904 crores. The Company implemented the said reschedulment plan during the year by way of execution of legal agreements. Post implementation, the maturity of term debts covered by the reschedulment plan stand extended till March 2017 with lower repayments in next 2 years i.e. 2009-10 and 2010-11 which will improve the liquidity position of the Company.

5. EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Company has instituted the Employees Stock Option Scheme (ESOS) to grant equity based incentives to certain eligible employees and directors of the Company and its subsidiary companies. 27.50 lacs 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 Rs.14.65 each, pursuant to the ESOS approved by the shareholders, representing one share for each option upon exercise. The details as per the requirements of SEBI Guidelines are annexed and form part of this report.

6. SUBSIDIARIES

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

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

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

7. DIRECTORS

Export-Import Bank of India has nominated Mr.R.W.Khanna as its Nominee Director on the Board of the Company in place of Mr. S. R. Rao with effect from 29th June, 2009. The Board places on record its deep sense of appreciation for the valuable services rendered by Mr. S.R. Rao during his tenure as Director.

At the ensuing Annual General Meeting, Mr. Munesh Khanna and Mr. Jayesh Shah, Directors of the Company, retire by rotation and being eligible seek 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 judgements and estimates have been made as are reasonable and prudent so as to give a true and

fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2010 and of the profit of the Company for 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, 2010 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, 2010.

11. INFORMATION REGARDING CONSERVATION OF ENERGY ETC. AND EMPLOYEES

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time, forms part of this report. However, as per the provisions of Section 219 (1)(b) (iv), the report and accounts are being sent to all shareholders of the Company excluding the information relating to conservation of energy, technology absorption and foreign exchange earning and outgo, and the statement of particulars of employees. Any shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Secretary for a copy.

12. AUDITORS

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

13. ACKNOWLEDGEMENT

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

By Order of the Board

Place: Ahmedabad
Date : 29th May, 2010

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	27,50,000 options
2	Pricing Formula	Market Price as defined under SEBI Guidelines
3	Number of Options vested	Nil
4	Number of Options exercised	Nil
5	Total number of shares arising out of exercise of Options	Nil
6	Number of Options lapsed	1,45,000
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	26,05,000 options
10	Employee wise details of options granted to -	
a	Senior Management Personnel	Mr. Jayesh Shah – 10,00,000 options
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	Rs. 2.07
12	Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	Company accounts for options under the intrinsic value method. Since options are granted at market price, the intrinsic value is Nil. However, if fair value of the options (computed using the Black Scholes Option Pricing Model) was to be used for calculating the accounting value of the option, the compensation cost would have been Rs.75.64 lacs and the losses would have been higher by Rs.75.64 lacs Basic and diluted EPS would have reduced to Rs.2.24 and Rs.2.04 respectively.
13a	Weighted average exercise prices for options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price	Rs.14.65 Nil Nil
13b	Weighted fair values for options whose exercise price – i. equals market price ii. exceeds market price iii. is less than market price	Rs.7.63 Nil Nil
14	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:- i. risk free rate ii. expected life iii. expected volatility iv. expected dividends and v. the price of the underlying share in the market at the time of option grant.	Black Scholes Option Pricing Model. The assumptions are as under – 7.57% 4.51 years 58.74% 0.33% Rs.14.65

Corporate Governance Report

Company's Philosophy on Code of Governance

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

Board of Directors

Composition of the Board

The Board has 7 Directors, comprising of 2 Executive Directors viz. 1 Managing Director and 1 Director and Chief Financial Officer and 5 Non-Executive Directors. The Non-Executive Directors who are also Independent Directors are leading professionals from varied fields who bring in independent judgement to the Board's discussions and deliberations.

The following is the Composition of the Board as at 31st March, 2010:

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	4	–
2	Mr. Jayesh K. Shah	Executive-Director and Chief Financial Officer	16	–
3	Mr. Sudhir Mehta	Non-executive-Independent Director	5	4 as Chairman and 1 as Member
4	Mr. Tarun Sheth	Non-executive-Independent Director	4	–
5	Mr. S. R. Rao*	Non-executive-Independent Nominee of EXIM Bank of India	–	–
6	Mr. R. W. Khanna**	Non-executive-Independent Nominee of EXIM Bank of India	2	–
7	Mr. G. M. Yadwadkar	Non-executive-Independent Nominee of EXIM Bank of India	3	2 as Member
8	Mr. Munesh Khanna	Non-executive-Independent Nominee of IDBI Bank Ltd. Non-executive-Independent Director	1	–

* Mr. S. R. Rao, a Nominee Director of EXIM Bank of India has ceased to be a Director with effect from 29th June, 2009.

** Mr. R. W. Khanna has been appointed as a Nominee Director of EXIM Bank of India on 29th June, 2009.

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 6 times on 16th April, 2009, 29th May, 2009, 31st July, 2009, 30th October, 2009, 29th January, 2010 and 29th March, 2010. 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	6	6	Yes
2	Mr. Jayesh K. Shah	6	6	Yes
3	Mr. Sudhir Mehta	6	6	No
4	Mr. Tarun Sheth	6	Nil	No
5	Mr. S. R. Rao*	2	1	No
6	Mr. R. W. Khanna**	4	2	N.A.
7	Mr. G. M. Yadwadkar	6	3	No
8	Mr. Munesh Khanna	6	4	Yes

* Mr. S. R. Rao, a Nominee Director of EXIM Bank of India has ceased to be a Director with effect from 29th June, 2009.

** Mr. R. W. Khanna has been appointed as a Nominee Director of EXIM Bank of India on 29th June, 2009.

Committees of the Board

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

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

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

1. Audit Committee

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

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

Role

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, reappointment 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 judgement 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 29th May, 2009, 31st July, 2009, 30th October, 2009 and 29th January, 2010. The Attendance of Members at meetings was as under:

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1	Mr. Tarun Sheth	Chairman	4	Nil
2	Mr. S. R. Rao*	Member	1	1
3	Mr. R. W. Khanna**	Member	3	2
4	Mr. Munesh Khanna***	Member	4	4
5	Mr. Sudhir Mehta+	Member	1	1
6	Mr. G. M. Yadwadkar	Member	4	2

* Mr. S. R. Rao, a Nominee Director of EXIM Bank of India has ceased to be a member of the committee with effect from 29th June, 2009.

** Mr. R. W. Khanna has been appointed as a Nominee Director of EXIM Bank of India on 29th June, 2009 and on 16th July, 2010 he has been appointed as a member of the Audit Committee.

*** On 14th October, 2009 the Board of Directors of Company has appointed Mr. Munesh Khanna as a Chairman of the Audit Committee because of the unhealthiness of Mr. Tarun Sheth, present chairman. Mr. Tarun Sheth accept the proposal and he is agrees to continues to be a member of the Audit Committee.

+ Mr. Sudhir Mehta was appointed as a member of the Committee only for the meeting held on 29th January, 2010.

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, 1 meeting was held on 30th October, 2009. The Attendance of Members at the meeting was as under:

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1	Mr. Sudhir Mehta	Chairman	1	1
2	Mr. Tarun Sheth	Member	1	Nil
3	Mr. Munesh Khanna	Member	1	1

Remuneration of Directors

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

The Remuneration Committee and the Board of Directors at their respective meetings held on 30th October, 2009 have approved remuneration payable to Mr. Sanjay S. Lalbhai, Chairman and Managing Director of the Company for a period of three years from 1st January, 2010 to 31st December, 2012 subject to approval of the shareholders at the ensuing Annual General Meeting. The Company will enter 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 10th May, 2008 and Shareholders at the Annual General Meeting held on 31st July, 2008, have approved remuneration payable to Mr. Jayesh K. Shah, Whole-time Director with designation as Director and Chief Financial Officer of the Company for a period of three years from 1st October, 2008 to 30th September, 2011. The Company has entered into an agreement with him laying down his tenure, remuneration and other terms.

The remuneration of Non-executive Directors is determined by the Board and is also approved by the Shareholders in General Meeting. Non-executive Directors were paid Sitting Fees of Rs.5000/- for every meeting of Board of Directors or Committee attended by them. Apart from this, Non-executive Directors (other than Chairman, Managing Director, Wholetime Director and Nominee Directors), are entitled to be paid 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 January, 2008.

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

Sr. No.	Name of Director	Salary Rs.	Perquisites & Allowances Rs.	Sitting Fees Rs.	Commission/ Bonus Rs.	Total Rs.
1	Mr. Sanjay S. Lalbhai *** (Chairman & MD)	3600000/-	13629525/-	Nil	Nil	17229525/-
2	Mr. Jayesh K. Shah****	3000000/-	13980654/-	Nil	Nil	16980654/-
3	Mr. Sudhir Mehta	Nil	Nil	55000/-	500000/-	555000/-
4	Mr. Tarun Sheth	Nil	Nil	Nil	600000/-	600000/-
5	Mr. S. R. Rao*	Nil	Nil	10000/-	Nil	10000/-
6	Mr. R. W. Khanna**	Nil	Nil	20000/-	Nil	20000/-
7	Mr. G. M. Yadwadkar	Nil	Nil	25000/-	Nil	25000/-
8	Mr. Munesh Khanna	Nil	Nil	45000/-	600000/-	645000/-

* Mr. S. R. Rao, a Nominee Director of EXIM Bank of India has ceased to be a Director with effect from 29th June, 2009.

** Mr. R. W. Khanna has been appointed as a Nominee Director of EXIM Bank of India on 29th June, 2009.

***Service Contract is for three years, notice period – three months, compensation for loss of office to be determined in accordance with Section 318 of the Companies Act, 1956.

**** Service Contract is for three years, notice period – three months, compensation for loss of office to be determined in accordance with Section 318 of the Companies Act, 1956.

3. Investors' Grievance Committee

The Investors' Grievance Committee has 4 Members comprising of 2 Non-Executive Directors and 2 Executive Directors. Mr. Tarun Sheth, an Independent Director, acts as Chairman of the Committee.

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 31st July, 2009, 30th October, 2009 & 29th January, 2010. The Attendance of Members at meetings was under:

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1.	Mr. Tarun Sheth	Chairman	3	Nil
2.	Mr. Sanjay S. Lalbhai	Member	3	3
3.	Mr. Jayesh K. Shah	Member	3	3
4.	Mr. Sudhir Mehta	Member	3	3

4. Management Committee

The Management Committee consists of 2 Directors, all of whom are Executive Directors. The Management Committee met 24 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, 24 Management Committee Meetings were held on various dates.

The Attendance of Members at meetings was under:

Sr. No.	Name	Position	No. of Meetings held during relevant period	No. of Meetings attended
1.	Mr. Sanjay S. Lalbhai	Member	24	24
2.	Mr. Jayesh K. Shah	Member	24	24

MANAGEMENT DISCUSSION AND ANALYSIS

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

Brief Resume of Directors seeking Re-appointment/ Appointment

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

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

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

Mr. Munesh Khanna

Mr. Munesh Khanna, 48 years, is a Non-executive & Independent Director of the Company. He is a Chartered Accountant from ICAI. He has been with the company since 27th October, 2007. He has 21 years of experience in investment banking from across the Industrial spectrum in India in the areas of M&A, Financial Restructuring and Resource Raising. In addition, he has an extensive experience in the Energy, Utilities and Telecom sectors.

He is a member of the Yong President Organization (YPO). He was a Member of CII and a member of the Executive Committee of Federation of Indian Chambers of Commerce and Industry (FICCI) and Co-Chairman of the Finance & Capital Market Committee of FICCI.

Prior to joining Halcyon, he was the Managing Director and Head of Investment Banking in DSP Merrill Lynch. Prior to this he was the Country head and Managing Director of Rothschild India and Partner – Country head of Arthur Andersen Corporate Finance. He has advised Indian Lenders on the Restructuring of the Dabhol Power Project and LNG facility for a total value of US\$ 1.9 billion, AXA on its joint venture with Bharati Group, Air Deccan on raising funds US\$ 40m through Private Equity and IPO and many other significant transactions.

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

Sr. No.	Name of the Company in which holding Directorship	Name of the Committee	Committee Membership
1	Indofil Organic Judoslinies Limited	-	-
2	Caption Invest & Trading Co. Pvt. Ltd.	-	-

Mr. Jayesh K. Shah

Mr. Jayesh K. Shah, 50 years, is a Wholetime Director with the designation of Director and Chief Financial Officer of the Company. He is a Commerce Graduate and Chartered Accountant and has been with the Company since 1st July, 1993. He has a distinguished academic career and has extensive administrative, financial, regulatory and managerial expertise. He is not related to any director of the Company.

Sr. No.	Name of the Company in which holding Directorship	Name of the Committee	Committee Membership
1	Asman Investments Limited	-	-
2	Arvind Spinning Limited, Mauritius	-	-
3	Arvind Products Limited	-	-
4	Arvind Retail Limited	-	-
5	Arvind Lifestyle Brands Limited	-	-
6	Arya Omnitalk Wireless Solutions Limited	-	-
7	Arya Omnitalk Radio Trunking Services Pvt. Ltd.	-	-
8	Firenze Properties & Investments Pvt. Ltd.	-	-
9	Arvind Worldwide Inc. USA	-	-
10	Anagram Stockbroking Limited	-	-
11	Anagram Comtrade Limited	-	-
12	Enagram Securities Limited	-	-
13	Dropadi Finance Limited	-	-
14	e-Infochips Limited	-	-
15	Anagram Knowledge Academy Limited	-	-
16	Arvind Accel Limited	-	-
17	Anagram Capital Limited	-	-
18	Arvind Infrastructure Limited	-	-
19	Bayer Malibo Polymers Pvt. Ltd.	-	-
20	Anagram I-broking Limited	-	-
21	Syntel Telecom 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 have 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. 25 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 Company secretary Arvind Limited	Mr. Nitin Joshi Senior Executive Sharepro Services (India) Pvt. Ltd. Registrars & Transfer Agents
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2. Details of Complaints / Queries received and redressed during 1st April, 2009 to 31st March, 2010:

Sr. No.	Particulars of Complaints / Queries	Received	Redressed	Pending as on 31.03.2010
1	Non-receipt of Share Certificates	15	15	Nil
2	Non-receipt of Dividend/Interest Warrants	4	4	Nil
3	Confirmation of Demat Credit	Nil	Nil	Nil
4	Non-receipt of Debentures Redemption payment	Nil	Nil	Nil
5	Non-receipt of letter of offer, allotment advice, share certificates etc. for Rights Issue & others	N.A.	N.A.	N.A.
6	Others – Complaints received from SEBI, Stock Exchanges, NSDL, ROC, Company Law Board etc.	41	41	Nil
	Total	60	60	Nil

3. Share Transfer Details for the period from 1st April, 2009 to 31st March, 2010:

Transactions	Physical	Demat	Total
Number of Transfers	432	1254	1686
Average Number of Transfers per month	36	105	141
Number of Shares Transferred	45506	180110	225616
Average Number of shares Transferred per month	3792	15009	18801
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. Mr. Nitin Joshi 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:

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

Date	Time	Venue
25th September, 2009	11.00 a.m.	Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380 006
31st July, 2008	12:30 p.m.	Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380 006
29th September, 2007	10:00 a.m.	Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380 006

Whether special resolutions were put through postal ballot last year, details of voting pattern:

Resolutions at above Annual General Meetings were passed by show of hands and by Poll. None of the Resolutions placed before the previous AGM required a postal ballot under Section 192A of the Companies Act, 1956. Similarly, no special resolution requiring a postal ballot is being proposed at the ensuing AGM.

Details of Extra Ordinary General Meetings :

During last 3 years, Two Extra Ordinary General Meetings were held as under :

Date	Time	Venue
12th May, 2009	10:00 AM	Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380 006
23rd October, 2007	10:00 AM	Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad - 380 006

6. Means of communication

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

7. Annual General Meeting :

Date	25th September, 2010
Time	10.30 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, 2010
Second quarter results	:	By end of October, 2010
Third quarter results	:	By end of January, 2011
Fourth quarter results / Year end results	:	Second Week of May, 2011

9. Book Closure: Tuesday, the 14th September, 2010 to Friday, the 24th September, 2010 (Both days inclusive).

10. Dividend payment Date: Not Applicable as the Board has not recommended any dividend for the Financial Year.

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 2010-2011 to the above Stock Exchanges.

12. Market Price Data:

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

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

Month	Share price BSE		BSE Sensex		Volumes	Share price NSE		NSE (NIFTY)		Volumes
	High (Rs.)	Low (Rs.)	High	Low	No. of shares	High (Rs.)	Low (Rs.)	High	Low	No. of shares
Apr-09	22.40	13.42	11492.10	9546.29	52659128	25.00	13.40	3517.25	2965.70	90803976
May-09	35.45	16.20	14930.54	11621.30	51862988	35.45	17.70	4509.40	3478.70	95541344
Jun-09	36.00	25.75	15600.30	14016.95	46016856	35.95	25.75	4693.20	4143.25	104000000
Jul-09	30.20	21.15	15732.81	13219.99	30187768	30.20	21.05	4669.75	3918.75	53563232
Aug-09	34.30	26.00	16002.46	14684.45	35178612	34.30	26.05	4743.75	4353.45	65774120
Sep-09	41.20	30.45	17142.52	15356.72	51845080	41.30	30.85	5087.60	4576.60	87736776
Oct-09	41.45	31.60	17493.17	15805.20	23668204	42.00	31.50	5181.95	4687.50	43780012
Nov-09	38.15	31.60	17290.48	15330.56	16254441	38.20	30.50	5138.00	4538.50	24963640
Dec-09	40.30	34.45	17530.94	16577.78	18238572	40.20	34.45	5221.85	4943.95	30937720
Jan-10	43.70	35.75	17790.33	15982.08	33791044	43.70	35.75	5310.85	4766.00	68687552
Feb-10	38.50	34.00	16669.25	15651.99	8763651	38.45	33.70	4992.00	4675.40	15951355
Mar-10	36.60	32.35	17793.01	16438.45	11206830	36.70	32.40	5329.55	4935.35	23310304

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: Mr. Nitin Joshi

Phone Nos.: 079-26582381 to 84

Fax No.: 079-26582385

E-mail: sharepro@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 effected 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, 2010:

Sr. No.	Category	No. of shares held	Percentage of Shareholding
	Holding of Promoter Group ('Group' as per MRTP Act, 1969)		
1	Individuals:		
	Mr. Sanjay S. Lalbhai	3000152	1.29
	Mr. Samveg A. Lalbhai	213654	0.09
	Mr. Shrenik K. Lalbhai	1414	0.00
	Relatives of above Individuals*	107668	0.05
2	Major Bodies Corporate and Trusts:		
	Aura Securities Private Limited	57615274	24.84
	AML Employees' Welfare Trust	6327624	2.73
	Agrimore Limited	636000	0.27
	Amazon Investments Limited	1792158	0.77
	Acropolis Investments Limited	274199	0.12

Sr. No.	Category	No. of shares held	Percentage of Shareholding
	Aeon Investments Limited	1126200	0.49
	Anshuman Holdings Private Limited	400000	0.17
	Anubhav Investments Private Limited	889315	0.38
	Atul Limited	4127471	1.78
	Anukul Investments Private Limited	13173608	5.68
	Ameer Trading Corporation Limited	0	0.00
	Adore Investments Limited	130995	0.06
	Amardeep Holdings Private Limited	94250	0.04
	Anagram Capital Limited	0	0.00
	Anagram Stockbroking Limited	0	0.00
	Enagram Online Limited	0	0.00
	Sanjay Family Trust	100	0.00
	Lalbhai Realty Finance Private Limited	0	0.00
	Anagram Comtrade Limited	0	0.00
	Anagram Knowledge Academy Limited	0	0.00
	Swetratna Trading & Inv. (P) Limited	0	0.00
	Shruti Trade Link Private Limited	0	0.00
	Total Promoter Group holding	89910082	38.76
	Non-Promoter holding		
3	Mutual Funds and UTI	5626018	2.43
4	Banks, Financial Institutions, Insurance Companies	21651572	9.33
5	Foreign Institutional Investors, NRIs/OCBs, Foreign Banks	7752243	3.34
6	GDR	673192	0.29
7	Private Corporate Bodies	20387399	8.79
8	Indian Public	85977035	37.06
	Total Non-Promoter holding	142067459	61.24
	GRAND TOTAL	231977541	100.00

* The names of 'Relatives of above Individuals' are as per disclosures made as on 31st March, 2010 under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

• **Distribution of shareholding as on 31st March, 2010:**

No. of shares	PHYSICAL MODE		ELECTRONIC MODE		TOTAL	%	TOTAL	%
	No. of holders	No. of shares	No. of holders	No. of Shares	No. of holders		No. of Shares	
1 to 500	39921	3067277	156577	26032633	196498	87.33%	29099910	12.54%
501 to 1000	455	317614	15406	12839358	15861	7.05%	13156972	5.67%
1001 to 2000	133	178681	6524	10177742	6657	2.96%	10356423	4.46%
2001 to 3000	27	67051	2051	5334844	2078	0.92%	5401895	2.33%
3001 to 4000	17	59574	872	3173644	889	0.40%	3233218	1.39%
4001 to 5000	12	53480	931	4450516	943	0.42%	4503996	1.94%
5001 to 10000	4	27009	1131	8561174	1135	0.50%	8588183	3.70%
Above 10001	7	13097744	935	144539200	942	0.42%	157636944	67.95%
Total	40576	16868430	184427	215109111	225003	100%	231977541	100%

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, 2010, 215109111 shares representing 92.73% of the issued capital have been dematerialised by investors and bulk of transfers take place in the demat form.

Demat ISIN Number:

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, 2010, 673192 GDRs (previous year 7,22,692) are outstanding. Each GDR represents one underlying equity share. On the same date, 2,02,00,000 Warrants (Previous year: NIL) are outstanding and each warrant entitled the holder to purchase one Equity Share before 16th December, 2010.

18. Plant Locations:

- Lifestyle Fabrics – Denim, Naroda Road, Ahmedabad - 380 025, Gujarat .
- Lifestyle Fabrics – Shirting & Khakis, Santej, PO Khatrej, Taluka Kalol, Dist. Gandhinagar - 382 721, Gujarat.
- Lifestyle Fabrics – Knits, Santej, PO Khatrej, Taluka Kalol, Dist. Gandhinagar - 382 721, Gujarat.
- Lifestyle Apparel – Shirts, 55, Puttappa Industrial Estate, Whitefield Road, Mahadevapura Post, Bangalore - 560 048.
- Lifestyle Apparel – Jeans, 26/2,27/2 Kenchenahalli, Mysore Road, Near Bangalore University, Bangalore - 560 059.

19. Unclaimed Dividend:

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

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

* Actual dates of transfer to IEPF may vary.

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

- (5) The Company did not declare any dividends on equity shares for the financial years 2006-07 to 2008-09.

20. Nomination Facility:

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

21. Address for correspondence:

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

Arvind Limited Secretarial Department Naroda Road, Ahmedabad - 380 025. Phone Nos: 079-22208000 / 22208109 Fax No. : 079-22208668 E-mail: investor@arvind.com Web-site address: www.arvind.com	Sharepro Services (India) Pvt. Ltd. Registrars and Transfer Agents 416-420, 4th Floor, Devnandan Mall, Opp. Sanyas Ashram, Ellisbridge, Ahmedabad - 380 006 Phone Nos. : 079-26582381-84 Fax No. : 079-26582385 E-mail : sharepro@shareproservices.com
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The above Report has been placed before the Board at its meeting held on 29th May, 2010 and the same was approved.

Place : Ahmedabad
Date : 29th May, 2010

For and on behalf of the Board
SANJAY S. LALBHAI
Chairman & Managing Director

Compliance of conditions of Corporate Governance

To the Members of Arvind Limited Ahmedabad

We have examined the compliance of conditions of Corporate Governance by ARVIND LIMITED, for the year ended on 31st March, 2010, 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.**
Chartered Accountants

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

Ahmedabad
29th May, 2010

CEO/CFO Certification

The Board of Directors
Arvind Limited
Ahmedabad.

Re : Financial Statements for the year 2009-10 – 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, 2010 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, 2010 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.

Place : Ahmedabad
Date : 29th May, 2010

Sanjay S. Lalbhai
Chairman & Managing Director

Jayesh K. Shah
Director & CFO

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

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

I confirm that the Company has in respect of the Financial Year ended 31st March, 2010, 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
29th May, 2010

Sanjay S. Lalbhai
Chairman & Managing Director

Management Discussion & Analysis

DISCLAIMER

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

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

OVERVIEW

Although volatile and uneven, the Indian economy recovered in 2009-10. Specifically the latter half of 2009-10 saw a significant improvement with the positive turnaround of the industrial and external trade segments of the Indian economy. On the back of this, the Indian textile industry which was hit hard by the global financial recession is also set to witness a recovery in 2010.

Currently the Indian textile and apparel market is US\$ 62 billion out of which US\$ 22 billion is contributed by exports and the rest US\$ 40 billion is by the domestic market. According to the textile ministry, Indian textile market is expected to reach US\$115 billion by 2012. In this span of three years, the domestic market is expected to reach US\$ 60 billion and India’s share of global textile exports is expected to increase from 4% to 7%.

The key drivers of growth for this industry will be the rise in export demand and improved liquidity conditions which will ensure a stable to growing domestic demand for textile products. The downside risk arises from the volatility in the global markets which threatens the exchange rate stability and the building inflationary pressures in the domestic economy which might adversely impact the textile industry. The cotton prices also remain the cause of concern. Moreover although the demand fundamentals remain strong, spending by consumers may remain value driven leading to pressure on margins.

OPERATING ENVIRONMENT

Your Company operates across multiple products and businesses in diverse markets and environments. These include the global market for the fabrics and apparel business, the Indian intermediary market for fabrics, Indian brands and third party converters for its fabrics and apparels. Your Company has also made an aggressive foray in to Indian retail market for fabrics by developing strong B2C business model.

Export Market

On account of depressed demand in the global markets, textile exports suffered. According to the Associated Chambers of Commerce and Industry of India, textile exports registered a decline of 1.71% to US\$ 21.75 billion during FY10 as compared to US\$22.13 billion in the previous year. Indian garment exports suffered the maximum declining by 13% to US\$ 876 million in Apr-Feb 2010 due to lack of demand in major markets like USA and Europe.

Although the financial recession has bottomed out and our western counterparts are starting their journey northward, the recovery process is very slow and wide discrepancies exist in the growth rates of the emerging

economies v/s that of the developed nations. As per the IMF projections the global economy is expected to grow at 4.5% in 2010-11. Advanced Economies are expected to grow by 2.25% in 2010-11 after contracting by 3% in 2009 whereas emerging and developing countries are expected to grow by 6.25% during 2010-11.

Adding to the woes of this lack of demand is the sharp appreciation of the rupee against the Euro and the dollar. On account of rate differential in the emerging economies, hot money flows into the country have increased which are largely responsible for the rupee appreciation. This has put the Indian export sector in a tight spot. The export sector also faces immense price pressure from the rise in prices of many raw materials in the country. However Indian garment exports to the USA, Europe and Japan are likely to pick up in the coming months as retail markets improve and consumer spending rises.

Following the 5.2% drop in 2008, USA imports of textiles and clothing further fell by 7.5% in 2009. On a category basis, fabric imports fell by 5.4%, imports of apparels by 6.1% and imports of made up textiles by 8.5% and yarn imports by 18.4%. The average price of US textile and clothing imports reached a new low of US \$1.74 per sme. The average price of imports from China, Vietnam, India, Mexico, Cambodia, Pakistan and Thailand fell while average price of imports from Bangladesh, Honduras and Pakistan increased.

Learning from experience, the Indian textile market will no longer be solely dependent on the apparels. Exporters are also seeing value in the Industrial wear segment which is a US \$3 billion business in the world. This diversification is beneficial as the demand for industrial wear is a necessity and is therefore less volatile than apparels which are solely governed by fashion.

Indian Retail Market

The Indian retail market is expected to benefit from the strong demand fundamentals in the domestic sector such as rising disposable incomes and favourable demographics. Given this fundamental story, competition in the retail segment is expected to tighten as more international brands and retailers are eyeing the Indian markets. Furthermore some of the larger domestic companies are also going for forward integration into branding and retail which could lead to more discount offers in the market. The customer’s spending approach is also likely to be largely value driven which could lead to pressure on the realizations.

However with the improvement in the disposable income and given the favorable demographics, there is a growing segment of population which concentrates on exclusivity. The Indian garment manufacturers and retailers are also targeting this segment and are pushing up prices in the premium segments of their portfolio.

The Apparel Export Promotion Council (AEPC) also forecasts strong growth in the Indian apparel industry. Among their set targets and forecasts are to attain exports worth US\$34 billion by 2015, growing at an average of around 18% for the period 2009-2015, to have at least 5.3% share in the global apparel market by 2015, to have 60% share in India’s textile exports and retain 90% of the domestic market, which is growing at 10%.

RESULT REVIEW

During the year the Company implemented the Scheme of de-merger of its Branded & Retail businesses in to 2 separate wholly owned subsidiary companies; Arvind Lifestyle Brands Limited (ALBL) and Arvind Retail Limited

(ARL) respectively. Hence the results for the year 2009-10 do not include the results of said de-merged business divisions. Hence the results of the said de-merged business divisions are excluded from the results for the previous year 2008-09 also for the purpose of comparison with the results for the year 2009-10.

Revenue of your Company, for the year ended 31st March, 2010 was Rs. 2329 crores. This represents an increase of 21% over the revenue of Rs. 1921 crores for the previous financial year. The operating profit for the year ended 31st March, 2010 stood at Rs. 309 crores as against Rs. 248 crores in the previous financial year, representing an increase of 25%. The profit after tax and extra ordinary items stood at Rs. 52 crores compared to loss of Rs. 53 crores in the previous financial year.

Sales & Operating Income

Fabric revenue grew by whopping 33% compared to previous year led by higher sales volume in both Denim (31%) & Shirting fabrics (44%). Revenues from the apparel business went up by 9% on account of growth in volume in Jeans and Shirts.

Raw Materials

The raw material cost, as a percentage to sales, was higher by 8% primarily due to rapid rise in cotton and yarn prices.

Direct Materials

The direct materials were marginally higher than last year at Rs. 203 crores due to marginal increase in prices of dyes and chemicals.

Power cost this year has gone down by 21% in absolute value as the Company could tie-up the gas for power generation from GAIL resulting in increasing the operating margin by 5%.

Salaries & Wages

The salaries and wages figure for the year is higher by 10% in absolute value which is in line with the general cost of increase in manpower cost in the country.

Other Costs

The other costs have gone up by 14% in absolute terms primarily on account of increase in outsourcing cost. In order to meet with the demand surge in both Denim & Shirting, the Company had outsourced weaving & garmenting capacities resulting into increase in the outsourcing cost by 37%.

Operating Margins (Profit)

The operating margin for the year was 13.4% as compared to 12.6% in previous year. The improvement in operating margin is attributed mainly to lower power cost and higher sales volume. The raw material cost had negative impact on the operating margins.

Net Interest & Finance Cost

The net interest and finance cost for the current financial year is Rs. 156 crores as against Rs. 220 crores for the previous financial year. The foreign exchange gain on account of FX rate changes for the year were Rs. 22 crores compared to loss of Rs. 63 crores in the previous year

Since more than 50% 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, dollar denominated working capital borrowings are reinstated every quarter and all profit or loss booked in the financial statements.

Cash Accrual

The cash generated from operations this year is Rs. 166 crores against Rs. 59 crores on account of higher operating profit and FX gains.

Depreciation

There has been no change in the method of depreciation for the year under consideration. The depreciation charged in the current financial year amounted to Rs. 114 crores this year, as compared to Rs. 122 crores last year. The Company has carried out revaluation of the fixed assets as on 1/4/2009. The depreciation is provided after giving the effect of revaluation.

Profit Before Tax (PBT) and exceptional items

Profit before tax was Rs. 52 crores against Loss before tax of Rs. 52 crores in previous year. The turnaround is a cumulative effect of higher volumes in all the product categories coupled with significantly lower power cost.

Net Profit (PAT)

Profit after Tax and extraordinary items was Rs. 52 crores for the current financial year compared to Loss after tax of Rs. 53 crores in previous year.

Debt

The debt of the Company was Rs. 1871 against Rs. 2024 crores last year. The Company during the previous year had entered into arrangement with lenders to realign its principal debt repayment schedule with respect to some of the loans. The Company implemented the said realignment plan by executing necessary legal agreements with the lenders. As a result of the implementation of the realignment plan, the debt serving obligation has spread over 8 years and also is aligned to the future expected cash generation.

Working Capital & Liquidity

The net current asset during the year has gone up on account of increase in sales leading to consequent increase in working capital borrowing.

BUSINESS REVIEW & DEVELOPMENTS

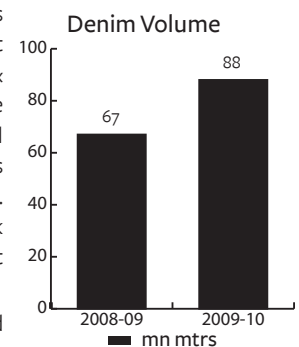
Denim

After lack-luster 2008-09, Denim business bounced back as a result of robust demand scenario from both domestic & exports market. To meet with the surge in the demand, the Company outsourced weaving capacity of 10.8 million meters by sponsoring dedicated ancillary units. The Company also had to de-bottleneck dyeing capacity by resuming the dormant capacities within the existing plants.

The total volume for Denim registered growth of 31% backed by growth in Exports volume by 26% and that in Domestic market by 31%. The growth in exports is contributed by both US & Europe markets growing over 30%. Some of the key customers like GAP have also contributed to volume growth. During the year the Company has succeeded in achieving the major breakthrough with Wal-Mart for supply to their core programs which will give further boost to exports to US in next year.

In the domestic market the Company took several initiatives. The Company penetrated low-end market segment by offering cotton-blended varieties with aggressive pricing. The Company also launched ready-to-stitch denim chinos & jeans under the brand name of Arvind Intellifabrix which has received encouraging response from the market. The supply to domestic jeans brands grew by almost 60%.

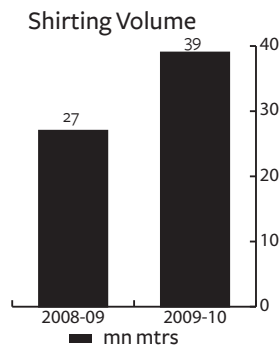
The lower energy cost (as a result of availability of Gas for power generation) and the current exchange rate have accentuated the impact of higher volumes on the operating margins of Denim business. The outlook for the



Denim business for the next year is positive as demand scenario continues to remain very robust. Of-course the higher cotton price may have impact on the operating margins.

Shirting Fabrics

With 44% growth in volumes, Shirting fabric business was major contributor to the improved performance of the Company, this year. Although commonly called as Shirting fabric, this category is essentially cotton woven fabric not necessarily only for shirts. Hitherto the Company's business model was primarily B2B, with supply to brands and garment manufacturers in domestic as well as export markets. Starting from the last year, the Company is working on developing B2C model with retailing of fabrics in the domestic market. This segment was the major growth driver for volume growth this year. The Company has also launched the range of fabrics for women category during the year which has received encouraging feedback from the customers and is expected to be major growth drivers in coming years.



The exports in volume grew by almost 50%, whereas the volume in domestic market grew by 43%. Both US & Europe markets have registered significant growth in volume. The growth in volumes in domestic market was led by growth in retail segment as well as supplies to readymade garments segment. During the year the Company aggressively expanded the distribution network for retailing the shirting fabrics under the brand name of "Arvind". The Company has already opened almost 900 retail outlets. The outlook for Shirting fabric business continues to remain positive.

Garment Operations

Shirts garments volume grew by 17% and Jeans garments grew by 25% on account of twin reasons of good demand as well as improvement in supply chain efficiency which had been the only impediment in the business growth.

Knits garments grew by 27% by volume. However, the value has gone down by 6% as a result of product mix. While there has been 50% growth in value in domestic market, the exports have shrunk by 17%.

Exchange Rate

The Rupee which had sharply depreciated in March 2009, remained volatile and fluctuated in the range of Rs. 51 to Rs. 47 till end of May 2009. Thereafter it continued to depreciate to the level of Rs. 49 by August 2009. Thereafter it appreciated to the level of Rs. 45 in March 2010. The Company had taken forward cover on net dollar exposure and the average exchange rate for the entire year was in range of Rs. 48 to a US dollar.

SUBSIDIARIES

Arvind Lifestyle Brands Limited & Arvind Retail Limited:

As mentioned earlier during the year the Company implemented the Scheme of de-merger of its Branded & Retail businesses in to 2 separate wholly owned subsidiary companies; Arvind Lifestyle Brands Limited (ALBL) and Arvind Retail Limited (ARL) respectively.

Arvind Lifestyle Brands Ltd.

The Branded Apparel business registered another good year with sales of Rs. 253 crores and a growth of 35% in a year when market conditions were still grappling with the after effects of a global economic crisis.

Arrow continued its market dominance in premium segment and was rightly showered with recognition round the year. Arrow won the Best Iconic Brand award from Pantaloon, one of the leading retail chain; it was also awarded the "Superbrands" status by Super brands Council of India – an award based

on consumer preferences and expert opinion. Arrow has also enhanced its target market by including Sportswear and Women's wear categories.

During the year the Company successfully launched and positioned US Polo Association brand in departmental stores which dominated the market from day 1 of its introduction. As a testimony to its success USPA won the best 'Debutant Iconic brand award' from the Pantaloon group.

Yet another addition to the array of premium brands, brand IZOD was launched in March 2010.

Flying Machine continued to excite the Indian youth with fashion designs and be among the top 5 denim brands in India.

Arvind Retail Ltd.

The retail business had another good year with sales of Rs. 302 crores and a growth of 33%.

Mega-Mart made rapid progress in the current year to emerge as the leading Value Retail player in the country. Currently Mega-Mart is operating with a retail space of 4.5 lakh sq. ft. with 120 small format stores and 4 large format stores. The focus on improvement of operational efficiency resulted in the large format business becoming profitable.

Mega-Mart will continue to aggressively expand in next year with the addition of both small format and large format stores.

Arvind Products Limited

Backed by improved performance of Khaki Business, the Arvind Products Limited registered revenue growth of 23% and operating profit grew by 27%. This has been best ever performance in the recent times. Due to high depreciation charge, the PBT was negative. The deferred tax liability provided earlier, was required to be written back resulting in Net Profit of Rs. 4 cr.

Anup Engineering Limited

Anup Engineering Limited is engaged in engineering and fabrication business listed on Ahmedabad Stock Exchange. The Company's revenue grew by 13% and operating profits grew by 27% and Profit after tax grew by 22%.

OUTLOOK

On backdrop of resurgence in demand from US & European markets, growing domestic market, favourable exchange rate, lower energy cost and expansion in capacities in both Denim fabric and cotton woven fabric through outsourcing route, the company expects growth in both, revenue as well as operating margins in next year. The Company's plan for unlocking the value from its surplus land is progressing well. The Company is expecting to realize about Rs. 75 crores by way of sale of land in year 2010-11 which will lead to reduction in long term borrowing and consequent reduction in interest and finance cost.

With the fresh tremors in the European markets, any forecast is subject to unplanned surprises. Further both exchange rates & cotton prices, key profit drivers for the Company continue to be volatile and thereby making it difficult to predict its impact on the business.

With 200 Million meters of capacity, the Company is one of the largest players in the world. Through product differentiation and Cost competitiveness the Company has been able to service some of the best customers in the world. In the recent past, the Company has re-entered the domestic retail market segment by expanding its distribution and offering unique functional fabrics to the consumer at affordable prices. While its fabrics and garments business will continue to grow by 10%-12% in next 3-5 years, the major growth driver would be brands and retail business. Further Company is entering the segment of Technical Textile / Advance Material and which is expected to contribute significantly to the revenue of the Company in next 3-5 years. The cash realized by unlocking the value of surplus land will go to reduce the long-term debt over and above the normal repayments, which will reduce the financial leverage and also help in improving ROCE.

Strategy and Programmes for “Corporate Social Responsibility” 2009-10

Narottam Lalbhai Rural Development Fund (NLRDF) and The Strategic Help Alliance for Relief to Distressed Area (SHARDA) Trust are the company's two arms for carrying out the CSR Programmes.

NLRDF's Programmes

Established in 1978, NLRDF is the rural CSR arm of the Company. The Trust directly intervenes in the development process at the village level through specifically designed programmes. The present operational area in 8 districts of Gujarat state reaching out to a beneficiary population of about 14000. NLRDF has been working with the strategy of linking of government programmes with the rural poor and thereby increasing the efficiency and the effectiveness of the delivery process.

Considering our Excellent performance consecutively during last three years in the area of entrepreneurship training to 4800 widows in 12 districts of Gujarat, the Government of Gujarat has awarded highest target in Gujarat to NLRDF of training to 2800 widows in 7 districts of Gujarat only in one year. Accordingly, during the year 2009-10, 2800 widows of 7 districts were trained in 112 batches. They were motivated for their own small business or service oriented skills to earn more for their livelihood. The biggest benefit that our Trainee widows got was the self confidence. Another noticeable gain from this programme is that they could step out of their houses confidently, which they could not do earlier.

Other major contribution of the Trust is to motivate the people in rural areas to adopt bio gas an alternative source of energy. We helped to install 90 bio gas plants in 30 villages of Sabarkantha and Gandhinagar district. NLRDF has also trained 20 tribal youth in Carpentry and a kit for carpenter work was provided after the training.

Under National Aids Control Programme, NLRDF has brought remarkable change in the practices and behaviour of the target group for HIV/AIDS control. The efforts of the Trust have been recognized by the Expert External Evaluators of the programme and they have rated our performance as 'Very Good' leading to our inclusion among top 5 NGOs in the State for 2009-10. Under the Reproductive and Child Health (RCH) Programme, third year in a row, more than 10,000 beneficiaries were covered to improve the health

status of women, adolescent and children in the underserved areas of referred block of Sabarkantha.

SHARDA Trust's Programmes

Established in 1995, the SHARDA Trust is addressing major societal issues in **Urban India** and is the urban CSR arm of the Company. The most recent activity of the Trust is a programme for improving quality of education in Ahmedabad's Municipal Schools. Since 2006, the Trust teaches English, Computers and Mathematics to the students of standard V, VI & VII through a programme called “**Gyanda – the fountain of knowledge**”. It is strongly felt that without understanding of these subjects, a child would be a misfit in the contemporary world. The purpose of the programme is to ensure quality education to poor children and tracking their progress.

The **Gyanda model** is a unique model which has four basic components. These include Partnership with the local Government, Innovative-Teaching-Learning Method & Materials, continuous Monitoring, Evaluation & Tracking of every child and creation of supportive infrastructure. The programme aims to work with children for about eight years and ensure that they complete their education well. Our experience has been very rewarding.

The Trust reached out to about 600 students in 2008-09 and aimed to have about 750 students for 2009-10. We enrolled 940 students in 2009-10 across three education centres and plan to reach out to about 1200 to 1300 students in 2010-11.

The bright students completing our programme are then sponsored in the good secondary schools of the city. During 2009-10, we sponsored 35 students for their secondary education. For 2010-11, we have already identified about 50 students. As the programme will reach to its sixth year in 2011-12, we will have a complete strength of about 1500 students across the primary and secondary section.

Other than the academics, maintaining strong communication with the parents to ensure their active involvement in their children's learning process and exposing children to many co curricular activities like drawing, painting, field visits and talks with people from different walks of life, also form a major part of the programme.

Auditors' Report

TO THE MEMBERS OF ARVIND LIMITED

1. We have audited the attached Balance Sheet of **ARVIND LIMITED** ("the Company"), as at March 31, 2010, the Profit and Loss Account and also the Cash Flow Statement of the Company for the year ended on that date both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 ("Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. As mentioned in Note No. 15 of Schedule 18 in respect of early adoption of Accounting Standard (AS) - 30 on 'Financial Instruments: Recognition and Measurement' and Limited revision arising out of it in other Accounting Standards, issued by the Institute of Chartered Accountants of India, the Company has measured all its Financial Assets and Liabilities at their respective Fair Values or at Amortised Cost. Accordingly, Accounting Standard (AS) - 13 on 'Accounting for Investments' and Accounting Standard (AS) - 11 on 'The Effects of Changes in Foreign Exchange Rates' have been followed only for those transactions which are not within the scope of Accounting Standard (AS) - 30. Had the Company followed (AS) - 11 and (AS) - 13 in their entirety, the carrying amount of Investments, Secured Loans and Unsecured Loans would have been higher by Rs. 7.53 Crores, Rs. 1.27 Crores and Rs. 1.77 Crores respectively and carrying value of Hedge Reserve would have been lower by Rs. 33.29 Crores respectively
5. Further to our comments in the Annexure referred to above, we report that:
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 and Accounting Standard (AS) - 30 on 'Financial Instruments: Recognition and Measurement' and Limited revision arising out of it in other Accounting Standard, issued by the Institute of Chartered Accountants of India (ICAI) as mentioned in paragraph 4 above;
 - v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **SORAB S. ENGINEER & CO.**
Firm Registration No. 110417W
Chartered Accountants

Ahmedabad
May 29, 2010

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

Annexure to the Auditors' Report

Re : ARVIND LIMITED

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

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
 - (c) In our opinion and as per the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and going concern status of the Company is not affected.
- (ii) (a) As explained to us, the inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory. As explained to us, the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with.
 - (iii) The Company has not granted/taken any loans secured or unsecured to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

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

- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that there were no contracts or arrangements that need to be entered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, requirement of Clauses (v,a) and (v,b) of paragraph 4 of the order are not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) The Company has an internal audit system, which in our opinion, is commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the books of account 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, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
Further since the Central Government has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) There are no undisputed amounts outstanding as at March 31, 2010 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, 2010 on account of any dispute:

Nature of the Statute	Nature of the dues	Rs. in Crores	Period to which the amount relates	Forum where matter is pending
Sales Tax Act	Sales Tax	9.15	1998-1999, 2002-2003, 2003-2004, 2004-2005, 2005-2006	Reference with High Court
		0.05	2002-2003, 2003-04	Appellate Tribunal
		0.32	2000-2001	Joint CST Appeal
Central Excise Act	Excise Duty	0.11	2008-2009	1st Adjudication Authority
		9.96	1996-1997, 1997-1998, 1998-1999, 2005-2006, 2006-2007, 2007-2008	Commissioner / Joint Commissioner of Central Excise
		0.16	2002-2003, 2003-2004, 2005-2006	Commissioner Appeal
		2.72	2004-2005, 2005-2006	CESTAT
		0.45	2002-2003, 2003-2004	Reference with High Court

Nature of the Statute	Nature of the dues	Rs. in Crores	Period to which the amount relates	Forum where matter is pending
Service Tax Act	Service Tax	1.04	2004-2005, 2005-2006, 2006-2007, 2007-2008	CESTAT/ Joint Commissioner/ Additional Commissioner
Income Tax Act	Income Tax	3.77	2004-2005, 2005-2006, 2008-2009	CIT Appeal
	Fringe Benefit Tax	0.55	2005-2006, 2006-2007	CIT Appeal

- (x) The Company has neither any accumulated losses nor has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of Clause (xiii) of paragraph 4 of the order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of Clause (xiv) of paragraph 4 of the order are not applicable.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial Institutions are not prejudicial to the interest of the Company.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans obtained during the year were, prima facie, applied by the Company for the purpose for which they were obtained, other than temporary deployment pending application.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not prima facie, been used during the year for long-term investments.
- (xviii) During the year, the Company has not made any preferential allotment of shares to persons covered in the register maintained under Section 301 of the Act except 1,30,00,000 equity shares have been issued to Promoters/Promoter Group on conversion of warrants. According to the information and explanations given to us, the price at which the shares have been issued is not prejudicial to the interest of the Company.
- (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

Ahmedabad
May 29, 2010

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

Balance Sheet as at 31st March, 2010

	Schedule	Rs. in Crores As at 31.03.2010	Rs. in Crores As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	239.55	260.10
Reserves and Surplus	2	1180.45	940.47
		1420.00	1200.57
Loan Funds			
Secured Loans	3	1728.73	1920.90
Unsecured Loans	4	141.85	103.04
		1870.58	2023.94
Deferred Tax Liability		12.82	12.82
Total		3303.40	3237.33
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	3002.45	3056.80
Less: Depreciation		1084.34	1014.51
Net Block		1918.11	2042.29
Capital work-in-progress		46.86	81.58
		1964.97	2123.87
Investments	6	300.29	100.06
Foreign Currency Monetary Item Translation Difference Account (Note No. 16)		(1.06)	6.77
Current Assets, Loans & Advances	7		
Inventories		432.00	581.47
Sundry Debtors		424.16	350.84
Cash and Bank Balances		43.14	26.83
Other Current Assets		95.90	54.90
Loans and Advances		484.80	578.47
		1480.00	1592.51
Less: Current Liabilities and Provisions	8		
Liabilities		433.42	463.29
Provisions		7.38	132.66
		440.80	595.95
Net Current Assets		1039.20	996.56
Miscellaneous Expenditure (To the extent not written off)	9	0.00	10.07
Total		3303.40	3237.33
Notes forming part of Accounts	18		

As per our report attached

SANJAY S. LALBHAI

Chairman & Managing Director

For **SORAB S. ENGINEER & CO.**

Firm Registration No. 110417W

Chartered Accountants

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Membership No. 10250

Ahmedabad, May 29, 2010

R. V. BHIMANI

Company Secretary

Profit and Loss Account for the year ended on 31st March, 2010

	Schedule	Rs. in Crores 2009-2010	Rs. in Crores 2008-2009
INCOME :			
Sales		2254.09	2306.01
Less : Excise Duty		1.60	2.51
		2252.49	2303.50
Operating Income	10	64.40	49.80
Other Income	11	11.83	51.91
		2328.72	2405.21
EXPENSES :			
Raw Materials Consumed		968.73	695.83
Purchase of Finished Goods		47.61	257.90
Employees' Emoluments	12	240.90	244.81
Others	13	731.43	924.47
Interest and Finance Costs (Net)	14	155.47	230.44
Depreciation /Impairment	5	113.80	122.05
Exceptional Items (Net)	15	0.00	11.53
(Increase)/Decrease in Stocks	16	18.78	(34.86)
		2276.72	2452.17
Profit/(Loss) before Tax for the year		52.00	(46.96)
Less : Current Tax		8.77	0.00
Less : Fringe benefit Tax		0.00	1.86
Add : MAT credit Entitlement		(8.77)	0.00
Profit/(Loss) for the year		52.00	(48.82)
Add : Prior Period Items	17	0.00	0.95
		52.00	(47.87)
Balance as per last year's Balance Sheet		282.34	434.92
Less : Adjustment due to Demerger (Note No. 13)		(0.43)	0.00
		281.91	434.92
Interim Dividend Paid on Preference Shares		(0.76)	(1.68)
Tax on Interim Dividend		(0.13)	(0.29)
Transitional Provision on adoption of AS-30		0.00	(80.10)
Transitional Provision on exercise of option of AS-11		0.00	(9.59)
Transferred to Capital Redemption Reserve		(19.80)	(13.20)
Transferred from Debenture Redemption Reserve		1.20	0.15
		314.42	282.34
Balance carried to Balance Sheet		314.42	282.34
Earning Per Share Rs. (Face Value Rs. 10/-) (Note No. 26)			
- Basic		2.27	(2.28)
- Diluted		2.07	(1.91)
Notes forming part of Accounts	18		

As per our report attached

SANJAY S. LALBHAI

Chairman & Managing Director

For **SORAB S. ENGINEER & CO.**

Firm Registration No. 110417W

Chartered Accountants

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Membership No. 10250

Ahmedabad, May 29, 2010

R. V. BHIMANI

Company Secretary

Cash Flow Statement for the year ended on 31st March, 2010

	Rs. in Crores		Rs. in Crores	
	2009-2010		2008-2009	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) for the year		52.00		(46.96)
Adjustments for:				
Depreciation/Impairment	113.80		122.05	
Retrenchment Compensation under VRS	(0.13)		(9.06)	
Exceptional Items	0.00		8.49	
Interest Income	(35.54)		(46.97)	
Income from Investments	(0.17)		(0.17)	
Interest and Lease Rent Expenses	195.72		196.29	
Exchange Rate Difference	(15.51)		70.23	
Excise duty	(6.51)		0.00	
Fixed Assets/Project Expenses Written Off	0.00		0.22	
Bad Debts/Advances Written Off	0.00		0.08	
Sundry Debits/Credit written off (Net)	(0.57)		1.22	
Prior Period Adjustment	0.00		0.95	
Loss on Derivatives	0.00		(89.22)	
Profit on Sale of Investments	0.00		(19.85)	
Profit on Sale of Fixed Assets	(9.49)	241.60	(20.32)	213.94
Operating Profit before Working Capital Changes		293.60		166.98
Working Capital Changes:				
Changes in Inventories	(4.53)		(6.13)	
Changes in Trade Receivables	(41.11)		(89.15)	
Changes in Other Receivables	(1.70)		15.80	
Changes in Current Liabilities	111.71		141.46	
Net Changes in Working Capital		64.37		61.98
Cash Generated From Operations		357.97		228.96
Advance Tax/TDS (Net of Income Tax Refund)		(10.41)		(2.24)
Fringe Benefit Tax		0.00		(1.76)
Net Cash from Operating Activities		347.56		224.96
B Cash Flow from Investing Activities				
Purchase of Fixed Assets	(61.93)		(98.41)	
Sale of Fixed Assets	33.47		35.71	
Changes in Investments	(7.13)		14.14	
Changes in Loans and Advances	(10.48)		(31.07)	
Income from Investments	0.17		0.17	
Interest Income	35.55		46.72	
Net Cash Flow from Investing Activities		(10.35)		(32.74)
C Cash Flow from Financing Activities				
Issue of Equity Share Capital	13.00		0.00	
Redemption of Preference Share Capital	(19.80)		(13.20)	
Issue of Warrants	7.57		0.00	
Share Premium Received	6.50		0.00	
Unclaimed Dividend	0.00		(0.01)	
Interim Dividend on Preference Shares	(0.76)		(1.68)	
Tax on Interim Dividend	(0.13)		(0.29)	
Changes in Borrowings	(130.87)		29.76	
Interest and Lease Rent Paid	(196.01)		(196.29)	
Net Cash Flow from Financing Activities		(320.50)		(181.71)
Net Increase/(Decrease) in Cash and Cash Equivalents		16.71		10.51
Cash and Cash Equivalent at the beginning of the Period		26.83		16.32
Less : Adjustment due to Demerger		0.40		0.00
Cash and Cash Equivalent at the beginning of the Period after demerger		26.43		16.32
Cash and Cash Equivalent at the end of the Period		43.14		26.83

Notes to Cash Flow Statement (Refer Schedule 18, Note No. 23)

As per our report attached

SANJAY S. LALBHAI

Chairman & Managing Director

For **SORAB S. ENGINEER & CO.**

Firm Registration No. 110417W

Chartered Accountants

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Membership No. 10250

Ahmedabad, May 29, 2010

R. V. BHIMANI

Company Secretary

Schedules forming part of the Accounts

SCHEDULE '1': SHARE CAPITAL

AUTHORISED

36,00,00,000 Equity Shares (Previous Year 36,00,00,000) of Rs.10/- each

360.00

360.00

90,00,000 Preference Shares (Previous Year 90,00,000) of Rs.100/- each

90.00

90.00

450.00

450.00

ISSUED and SUBSCRIBED

EQUITY SHARES

23,19,78,441 Equity Shares (Previous Year 21,89,78,441) of Rs.10/- each

231.98

218.98

PREFERENCE SHARES

69,50,000 6% Redeemable Cumulative Non-Convertible Preference Shares (Previous Year 69,50,000) of Rs. 100/- each

69.50

69.50

PAID UP (Note No. 5)

EQUITY SHARES

23,19,77,541 Equity Shares (Previous Year 21,89,77,541) of Rs.10/- each fully paid up

301.48

288.48

Add : 900 Shares Forfeited

[(Paid-up amount of Rs. 4,500/- (Previous Year Rs. 4,500/-) on forfeited shares)]

231.98

218.98

(of the above shares 39,44,950 Equity shares have been allotted as fully paid Bonus Shares (Previous Year 39,44,950 Equity Shares) by way of capitalisation of Reserves and 16,12,268 Equity shares (Previous Year 16,12,268 Equity shares) allotted as fully paid in terms of scheme of Amalgamation without payment being received in cash.)

WARRANTS

2,02,00,000 Warrants of Rs. 15/- each, Paid up Rs.3.75 each (Previous Year 4,10,00,000 Warrants of Rs. 52/-each, Paid up Rs. 5.20 each)

7.57

21.32

PREFERENCE SHARES

NIL 6% Redeemable Cumulative Non-Convertible Preference Shares (Previous Year 66,00,000) of Rs. 100/- each

0.00

19.80

239.55

260.10

Rs. in Crores As at 31.03.2010	Rs. in Crores As at 31.03.2009
360.00	360.00
90.00	90.00
<u>450.00</u>	<u>450.00</u>
231.98	218.98
69.50	69.50
<u>301.48</u>	<u>288.48</u>
231.98	218.98
7.57	21.32
0.00	19.80
<u>239.55</u>	<u>260.10</u>

Schedules forming part of the Accounts

SCHEDULE '2' : RESERVES AND SURPLUS**CAPITAL RESERVE**

As per last Balance Sheet

Add : Addition during the year (Note No. 5)

SECURITIES PREMIUM

As per last Balance Sheet

Add : Received during the year

Less : Utilised during the year (Note No. 14)

DEBENTURE REDEMPTION RESERVE

As per last Balance Sheet

Less : Transferred to Profit and Loss Account

CAPITAL REDEMPTION RESERVE

As per last Balance Sheet

Add: Transferred from Profit and Loss Account

REVALUATION RESERVE

As per last Balance Sheet

Add : Addition during the year (Note No. 10)

HEDGE RESERVE (Note No. 15)

As per last Balance Sheet

Add : Addition during the year

INVESTMENT REVALUATION RESERVE (Note No. 15)

As per last Balance Sheet

Add : Addition during the year

BALANCE IN PROFIT AND LOSS ACCOUNT**SCHEDULE '3' : SECURED LOANS** (Note No. 6)**DEBENTURES**

Add : Funded Interest

FROM BANKS

Cash Credit and other facilities

Term Loans

FROM FINANCIAL INSTITUTIONS AND OTHERS**Note : Secured Loans** (Note No. 15)

At Amortized Cost

At Original Cost

SCHEDULE '4' : UNSECURED LOANS**FROM BANKS**

Term Loan

Other Facilities

FROM FINANCIAL INSTITUTIONS AND OTHERS**DEFERRED ELECTRICITY DUTY****INTER CORPORATE DEPOSIT****Note : Unsecured Loans** (Note No. 15)

At Amortized Cost

At Original Cost

Out of above Rs. 121.76 Crores (Rs. 76.85 Crores) is payable within one Year

	Rs. in Crores As at 31.03.2010	Rs. in Crores As at 31.03.2009
CAPITAL RESERVE		
As per last Balance Sheet	5.33	5.33
Add : Addition during the year (Note No. 5)	21.32	0.00
	<u>26.65</u>	<u>5.33</u>
SECURITIES PREMIUM		
As per last Balance Sheet	693.53	693.53
Add : Received during the year	6.50	0.00
	<u>700.03</u>	<u>693.53</u>
Less : Utilised during the year (Note No. 14)	37.48	0.00
	<u>662.55</u>	<u>693.53</u>
DEBENTURE REDEMPTION RESERVE		
As per last Balance Sheet	2.10	2.25
Less : Transferred to Profit and Loss Account	1.20	0.15
	<u>0.90</u>	<u>2.10</u>
CAPITAL REDEMPTION RESERVE		
As per last Balance Sheet	49.70	36.50
Add: Transferred from Profit and Loss Account	19.80	13.20
	<u>69.50</u>	<u>49.70</u>
REVALUATION RESERVE		
As per last Balance Sheet	24.52	24.52
Add : Addition during the year (Note No. 10)	56.15	0.00
	<u>80.67</u>	<u>24.52</u>
HEDGE RESERVE (Note No. 15)		
As per last Balance Sheet	(106.41)	0.00
Add : Addition during the year	139.70	(106.41)
	<u>33.29</u>	<u>(106.41)</u>
INVESTMENT REVALUATION RESERVE (Note No. 15)		
As per last Balance Sheet	(10.64)	0.00
Add : Addition during the year	3.11	(10.64)
	<u>(7.53)</u>	<u>(10.64)</u>
BALANCE IN PROFIT AND LOSS ACCOUNT	<u>314.42</u>	<u>282.34</u>
	<u>1180.45</u>	<u>940.47</u>
SCHEDULE '3' : SECURED LOANS (Note No. 6)		
DEBENTURES	0.90	2.10
Add : Funded Interest	0.00	1.03
	<u>0.90</u>	<u>3.13</u>
FROM BANKS		
Cash Credit and other facilities	746.62	765.99
Term Loans	749.95	902.02
	<u>1496.57</u>	<u>1668.01</u>
FROM FINANCIAL INSTITUTIONS AND OTHERS	<u>231.26</u>	<u>249.76</u>
	<u>231.26</u>	<u>249.76</u>
	<u>1728.73</u>	<u>1920.90</u>
Note : Secured Loans (Note No. 15)		
At Amortized Cost	1728.73	1920.90
At Original Cost	1730.00	1924.75
SCHEDULE '4' : UNSECURED LOANS		
FROM BANKS		
Term Loan	2.64	30.46
Other Facilities	70.42	37.21
FROM FINANCIAL INSTITUTIONS AND OTHERS	5.38	7.47
DEFERRED ELECTRICITY DUTY	27.85	27.80
INTER CORPORATE DEPOSIT	35.56	0.10
	<u>141.85</u>	<u>103.04</u>
Note : Unsecured Loans (Note No. 15)		
At Amortized Cost	141.85	103.04
At Original Cost	143.62	99.86

Schedules forming part of the Accounts

Rs. in Crores

SCHEDULE 'S' : FIXED ASSETS

Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 01.04.2009 before revaluation	Adjustment due to Revaluation	Additions	Deductions	As on 31.03.2010	Adjustment due to Revaluation	Additions	Deductions	As on 31.03.2010	As on 31.03.2009
Intangible Assets										
Goodwill	326.80	(326.80)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	326.80
Patent and Technical Know how	2.45	(2.45)	0.49	0.00	0.49	(2.45)	0.04	0.00	0.04	0.00
Computer Software #	19.11	(1.10)	0.85	0.00	18.86	0.34	0.56	0.00	16.34	7.69
Tangible Assets										
Freehold Land	325.72	321.96	11.73	10.04	649.37	0.00	0.00	0.00	0.00	325.72
Leasehold Land	178.54	41.08	0.00	0.00	219.62	0.00	0.00	0.00	0.00	178.54
Buildings	499.58	14.25	7.48	2.48	518.83	(5.46)	15.70	0.44	119.20	399.63
Plant & Machinery #	1518.17	34.78	32.31	41.38	1543.88	25.66	93.28	25.67	922.15	621.73
Machinery Acquired on Finance Lease	1.66	0.00	0.00	0.00	1.66	(Rs. 44,675/-)	0.00	0.00	0.27	1.39
Vehicles #	9.28	0.00	2.73	1.86	10.15	(0.01)	1.48	1.20	5.25	4.90
Office Machinery & Dead Stocks #	44.03	(5.87)	2.67	1.24	39.59	17.36	2.47	0.36	21.09	18.50
Total	2925.34	75.85	58.26	57.00	3002.45	978.51	113.80	27.67	1084.34	1918.11
Previous Year	2942.99	0.00	149.81	36.00	3056.80	906.78	122.10	14.37	1014.51	81.58
Capital Work-in-Progress (Including Advances for Capital Expenditure)										46.86
Total										1964.97

Notes

- # After Adjustment of the effect of Demerger and Addition on April 1, 2009

Gross Block	Depreciation Fund					Total
	Plant and Machinery	Computer Software	Vehicles	Office Machinery and Dead Stocks	Total	
Balance as on 01.04.2009	1545.45	24.29	10.56	141.75	1722.05	1722.05
Adjustment due to Demerger	(41.22)	(5.18)	(1.28)	(97.72)	(145.40)	(145.40)
Addition as on 1.4.2009	13.94	0.00	0.00	0.00	13.94	13.94
Balance as on 01.04.2009 before Revaluation	1518.17	19.11	9.28	44.03	1590.59	1590.59
					Balance as on 01.04.2009 before Revaluation	
					828.88	828.88
					15.44	15.44
					4.98	4.98
					17.36	17.36
					(15.99)	(15.99)
					33.35	33.35
					(36.00)	(36.00)
					9.02.66	9.02.66

Rs. in Crores

- Freehold Land includes various lands of Rs. 787 Crores (Rs. Nil) which are pending for registration in favour of the Company.
- Buildings includes Rs. 0.79 Crores (Rs. 1.18 Crores) in respect of ownership flats in Co-Operative Housing Society and (Rs. 500/-) (Previous Year Rs. 2,500/-) in respect of shares held in Co-Operative Housing Society.
- Gross block includes Rs. 56.15 Crores (Rs. 24.52 Crores) being the amount added on revaluation as at 1st April 2009 and credited to revaluation reserve. (Also refer Note No. 10)
- Deduction of Gross Block includes Rs. 5.35 Crores on account of exchange rate difference (Previous Year Rs. 16.79 Crores included in Addition) capitalised during the year.
- Deduction of Gross Block includes Capital Subsidy of Rs. 3.09 Crores (Rs. Nil) received during the year.
- Out of current year depreciation, an amount of (Rs. 4,306/-) (Rs. 0.05 Crores) has been capitalised during the year.

Schedules forming part of the Accounts

	No.of Shares/ Debentures/ Units	Rs in Crores As at 31.03.2010	Rs in Crores As at 31.03.2009
SCHEDULE '6' : INVESTMENTS*			
A NON TRADE INVESTMENTS - (UNQUOTED)			
(HELD-TO-MATURITY)			
GOVERNMENT SECURITIES			
7-Year National Savings Certificates (Lodged with Government Authorities)			
		(Rs. 48,000/-)	0.01
B TRADE INVESTMENTS (AVAILABLE FOR SALE)			
(i) FULLY PAID EQUITY SHARES (QUOTED)			
Atul Ltd.			
(Shares of Rs. 10/- each)	559420	4.86	2.40
(ii) FULLY PAID EQUITY SHARES (UNQUOTED)			
Arya Omnitalk Radio Trunking Services Limited			
(Shares of Rs. 10/- each) (Purchased during the year)	1005000	6.01	0.00
Ahmedabad Cotton Merchants'Co-operative Shops and Warehouses Society Ltd.			
(Shares of Rs. 10/- each) (Rs.2500/-) (Previous Year Rs.2500/-)	10		
Gujarat Cloth Dealers Co-operative Shops and Warehouses Society Ltd.			
(Shares of Rs. 10/- each) (Rs.1000/-) (Previous Year Rs.1000/-)	10		
(iii) INVESTMENT IN JOINT VENTURE			
FULLY PAID EQUITY SHARES (UNQUOTED)			
Arya Omnitalk Wireless Solutions Limited			
(Shares of Rs. 10/- each)	1000000	1.00	1.00
Arvind Murjani Brands Private Limited			
(Shares of Rs. 10/- each) (65,00,000 Shares allotted during the year)	8850000	12.75	6.25
VF Arvind Brands Private Limited			
(Shares of Rs. 10/- each)	5466680	5.47	5.47
C INVESTMENT IN SUBSIDIARY COMPANIES			
FULLY PAID EQUITY SHARES (UNQUOTED)			
Asman Investments Ltd. **			
(Shares of Rs. 10/- each)	76500	7.65	7.65
Syntel Telecom Limited			
(Shares of Rs. 10/- each)	50000	0.05	0.05
Arvind Worldwide (M) Inc., Mauritius **			
(Shares of US\$ 100 each)	54840	0.00	0.00
Arvind Worldwide Inc., Delaware **			
(Shares without par value)	500	0.07	0.07
Arvind Overseas (M) Ltd., Mauritius			
(Shares of Mau Rs.100/- each)	2385171	28.32	28.32
Arvind Spinning Limited			
(Shares without par value)	824099	5.39	5.39
Arvind Textile Mills Limited			
(Shares of Taka 10/- each)	70000	0.34	0.34
Arvind Accel Limited			
(Shares of Rs. 10/- each)	50000	0.05	0.05

Schedules forming part of the Accounts

	No. of Shares/ Debentures/ Units	Rs in Crores As at 31.03.2010	Rs in Crores As at 31.03.2009
SCHEDULE '6' : INVESTMENTS* (Contd.)			
Silverstone Properties Ltd. (Shares of Rs. 10/- each) (Became subsidiary during the year by purchase of additional 25,000 Shares)	50000	0.05	0.03
Arvind Infrastructure Limited (Shares of Rs. 10/- each) (Purchased during the year)	50000	0.05	0.00
Arvind Retail Limited (Shares of Rs. 10/- each) (2,00,00,000 Shares allotted during the year under the Scheme of Demerger)	20050000	50.05	0.05
Arvind Lifestyle Brands Ltd. (Shares of Rs. 10/- each) (Purchased during the year out of which 2,00,00,000 shares have been allotted under the Scheme of Demerger)	20050100	140.05	0.00
FULLY PAID EQUITY SHARES (QUOTED)			
Arvind Products Ltd. (Shares of Rs. 10/- each)	2857142	1.26	0.61
Anup Engineering Ltd. *** (Shares of Rs. 100/- each)	300000	3.50	3.50
FULLY PAID PREFERENCE SHARES (UNQUOTED)			
Arvind Products Ltd. 10% Cumulative Redeemable Preference shares (Shares of Rs. 10/- each)	135000	0.14	0.14
Arvind Products Ltd. 12% Cumulative Redeemable Preference shares (Shares of Rs. 100/- each)	6000000	65.01	65.01
D SHARE APPLICATION MONEY		1.93	7.43
		334.00	133.77
Less : Provision for Diminution in Value of Investment		33.71	33.71
Total		300.29	100.06
Aggregate value of quoted Investments			
At cost price		9.62	6.51
At market price		9.62	6.51
Aggregate value of unquoted Investments			
At cost price		324.38	127.26

* Previously classified as Long Term Investments and valued at Cost unless otherwise stated.

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

*** Listed but not quoted and book value is taken as market value

Schedules forming part of the Accounts

SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES**CURRENT ASSETS****Inventories**

Stores, Accessories and Spares

35.23

25.16

Fuel

1.76

1.57

Stock-in-trade

Raw materials (Including Material in Transit)

95.05

93.17

Finished Goods

82.96

136.51

Finished Goods (Traded)

9.38

118.88

Goods in Transit

0.00

3.11

Work-in-Progress

206.61

202.19

Waste

1.01

0.88

395.01554.74432.00581.47**Sundry Debtors (Unsecured)**

Outstanding for a period exceeding six months

Considered good

11.12

26.41

Considered doubtful

1.19

1.19

Less : Provision

1.19

1.19

0.000.00

11.12

26.41

Others (Considered good)

413.04

324.43

424.16350.84**Cash and Bank Balances**

Cash on hand

0.53

0.40

Bank Balances

With Scheduled Banks

In Current Accounts

24.52

8.97

(Including Rs. 0.33 Crore in unpaid dividend accounts) (Rs.0.33 Crore)

In Exchange Earners Foreign Currency A/c

0.07

0.65

In Cash Credit Account

8.23

10.13

In Saving Accounts

(Rs. 42,732/-)

(Rs. 42,732/-)

In Fixed Deposit Accounts

9.79

6.68

(Rs. 6.19 Crores lodged with Bank as Security for Guarantee Facility and Rs. 0.01 Crore lodged with Court

for ESI case (Rs. 0.22 Crores and Rs. 0.07 Crores respectively))

42.6126.4343.1426.83**Other Current Assets**

Interest accrued

0.24

0.25

Other receivables

95.66

54.65

95.9054.90

Schedules forming part of the Accounts

SCHEDULE '7': CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

LOANS & ADVANCES (Unsecured, considered good unless stated Otherwise)

Loans & Advances

Advances Receivable in Cash or kind or for the value to be received

Considered good

Considered doubtful

Less : Provision

Balances with Custom, Excise etc.

Mat Credit Entitlement Receivable

Other Loans

Loans and Advances to Subsidiary Companies

Considered good

Considered doubtful

Less : Provision

Advance tax paid (Net of Provision of Rs. 44.76 Crores, Previous Year Rs. 35.92 Crores)

SCHEDULE '8': CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Acceptances

Sundry Creditors

-Due to Micro & Small Enterprises (Note No. 21)

-Others

Other Liabilities (Note No. 7)

Interest accrued but not due on loans

Investor Education and Protection Fund shall

be credited by the following amount namely : @

- Unpaid dividend

- Unpaid Matured Deposits

- Unpaid Matured Debentures

- Warrants issued but not encashed

- Interest on Deposits

- Interest on Debentures

Provisions

Fair Valuation Loss on Derivative Contracts

Pension

Superannuation

Gratuity

Leave Encashment

Rs. in Crores As at 31.03.2010	Rs. in Crores As at 31.03.2009
243.81	357.65
0.09	0.09
0.09	0.09
0.00	0.00
243.81	357.65
0.06	0.05
34.88	26.11
31.48	35.61
310.23	419.42
170.18	156.20
7.91	7.91
7.91	7.91
0.00	0.00
170.18	156.20
4.39	2.85
484.80	578.47
1480.00	1592.51
12.47	32.67
0.00	0.00
347.84	344.46
71.06	83.81
1.24	1.51
0.33	0.33
0.00	(Rs. 5,000/-)
0.23	0.24
0.06	0.06
0.19	0.21
0.81	0.84
433.42	463.29
0.00	122.49
0.45	0.52
0.00	1.50
1.92	2.10
5.01	6.05
7.38	132.66
440.80	595.95

@ No amount is due as on 31st March, 2010 for credit to Investor Education and Protection Fund (Fund). The actual amount to be transferred to the Fund in this respect will be determined on the respective due dates.

Schedules forming part of the Accounts

SCHEDULE '9': MISCELLANEOUS EXPENDITURE

(To the extent not written off)

Retrenchment Compensation under VRS

Add : Addition during the year

Less : Written off during the year

Less : Adjusted during the year (Note No. 14)

Rs. in Crores As at 31.03.2010	Rs. in Crores As at 31.03.2009
10.07	9.50
0.13	9.06
0.00	(8.49)
(10.20)	0.00
0.00	10.07

SCHEDULE '10': OPERATING INCOME

Processing Income

(Tax Deducted at Source Rs. 0.48 Crore; Previous Year Rs. 0.40 Crore)

Gain/(Loss) on Forward Contracts

Other Operating Income

(Tax Deducted at Source Rs. Nil; Previous Year Rs. 0.68 Crore)

Rs. in Crores 2009-2010	Rs. in Crores 2008-2009
24.46	23.70
12.10	(22.98)
27.84	49.08
64.40	49.80

SCHEDULE '11': OTHER INCOME

Income from investments (Gross)

From Trade Investments

Other Income

(Tax Deducted at Source Rs. 0.01 Crore; Previous Year Rs. 0.04 Crore)

Rent

(Tax Deducted at Source Rs. 0.10 Crore; Previous Year Rs. 0.20 Crore)

Excess/Short Provision No Longer required (Net)

Profit on sale of Investments (Net)

Profit/(Loss) on sale of Fixed Assets (Net)

0.17	0.17
1.40	4.83
0.59	0.60
0.18	6.14
0.00	19.85
9.49	20.32
11.83	51.91

SCHEDULE '12': EMPLOYEES' EMOLUMENTS

Salaries, Wages, Bonus and Gratuity

Contribution to Provident Fund and Other Funds

Welfare Expenses

Directors' Remuneration (Note No. 2)

Directors' Commission

210.41	212.64
22.92	26.97
3.98	4.08
237.31	243.69
3.42	1.12
0.17	0.00
3.59	1.12
240.90	244.81

Schedules forming part of the Accounts

SCHEDULE '13': OTHERS

	Rs. in Crores 2009-2010	Rs. in Crores 2008-2009
Power and Fuel	208.62	270.84
Stores consumed	202.53	198.10
Processing charges	98.72	77.25
Repairs		
Building repairs	0.98	1.18
Machinery repairs	37.30	35.04
Other repairs	7.39	9.94
	<u>45.67</u>	<u>46.16</u>
Printing, Stationery and Communication	4.57	7.91
Insurance premium	4.56	3.50
Rates and Taxes	3.03	6.58
Excise duty	0.14	0.18
Rent	20.36	60.33
Commission, Brokerage and Discount	26.91	80.43
Royalty on Sales	0.00	4.60
Advertisement expenses	4.67	22.52
Freight, Insurance and Clearing Charges	24.77	31.75
Miscellaneous Labour Charges	31.38	40.27
Bad Debts Written Off	0.00	0.08
Fixed Assets/Project Expenses Written off	0.00	0.22
Directors' Sitting Fees	0.02	0.02
Other expenses	55.48	73.73
	<u>731.43</u>	<u>924.47</u>

SCHEDULE '14': INTEREST AND FINANCE COSTS (NET)

Interest		
On loans for a fixed period	129.16	131.09
Others	57.37	57.26
	<u>186.53</u>	<u>188.35</u>
Less : Interest Income		
Interest from others (Gross)	35.54	46.97
(Income tax deducted Rs. 1.99 Crores, Previous year Rs. 0.55 Crore)		
Net Interest Expenses	<u>150.99</u>	<u>141.38</u>
Other Finance Cost	26.79	25.81
Exchange Rate (Gain)/Loss	(22.31)	63.25
	<u>155.47</u>	<u>230.44</u>

Schedules forming part of the Accounts

SCHEDULE '15': EXCEPTIONAL ITEMS

Expenditure incurred under VRS

- Retrenchment Compensation written off

- Gratuity and Leave Encashment Paid

SCHEDULE '16': (INCREASE)/DECREASE IN STOCK

Finished Goods, Work-in-Progress and Waste

Closing Stocks

Opening Stocks

Less : Adjustment due to Demerger

Excise Duty in Value of Stocks - (Decrease)

(Increase)/Decrease in Stock

SCHEDULE '17': PRIOR PERIOD ITEMS

Interest Expense Adjustments

	Rs. in Crores 2009-2010	Rs. in Crores 2008-2009
	0.00	8.49
	0.00	3.04
	0.00	<u>11.53</u>
	290.58	339.58
	339.58	304.73
	30.22	0.00
	309.36	304.73
	18.78	(34.85)
	(Rs. 25,353/-)	(0.01)
	18.78	<u>(34.86)</u>
	0.00	0.95
	0.00	<u>0.95</u>

Notes forming part of the Accounts

SCHEDULE '18': NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(A) ACCOUNTING CONVENTION

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

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

(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 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.

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

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

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

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

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of

a technical nature, relating to the percentage of completion, costs to completion, expected revenue from the contract and the foreseeable losses to completion.

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

(D) VALUATION OF INVENTORY

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

(D.2) All other inventories of stores, consumables, raw materials (Electronics Division) 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 AND DEPRECIATION

(E.1) Fixed assets are stated at their original cost of acquisition/revalued cost (revalued as on 1st April 2009) 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) 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 issued by Ministry of Corporate Affairs, New Delhi.

(E.3) 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.4) Additions to fixed assets after 1st October, 2006 have been stated at cost net of CENVAT wherever applicable.

(E.5) Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under capital work-in-progress, pending capitalisation.

(E.6) 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.7) Depreciation on impaired asset is provided on the asset's revised carrying amount, over its remaining useful life.

(E.8) Depreciation on exchange rate difference capitalised is provided over the balance life of the assets as per the notification dated 31st March, 2009 issued by the Ministry of Corporate Affairs.

(E.9) Individual assets costing less than Rs. 5,000/- have been fully depreciated in the year of purchase on *pro rata* basis.

Notes forming part of the Accounts

(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 recognised as an impairment loss in the profit and loss account

(G) INVESTMENTS

(G.1) Investments are classified as investments in Subsidiaries, Available for Sale and Held-to-Maturity within the meaning of Accounting Standard 30 on 'Financial Instruments: Recognition and Measurement' read with the limited revision of Accounting Standard 21 on Consolidated Financial Statements.

(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) Investments classified as available for sale are remeasured at subsequent reporting dates to fair value. Unrealised gains/losses on such investments are recognised directly in Investment Revaluation Reserve Account. At the time of disposal, derecognition or impairment of the investments, cumulative gain or loss previously recognised in the investment revaluation reserve account is recognised in the profit and loss account.

(G.4) Investments classified as held for trading that have a market price are measured at fair value and gain/loss arising on account of fair valuation is routed through profit and loss account.

(H) FOREIGN CURRENCY TRANSACTIONS

(H.1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

(H.2) Monetary items denominated in foreign currencies at the year end are restated at year end rates.

(H.3) Non-monetary foreign currency items are carried at cost.

(H.4) All long-term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the year have been restated at the rate prevailing at the balance sheet date. The difference arising as a result has been added to or deducted from the cost of the assets as per the notification issued by the Ministry of Corporate Affairs dated 31st March, 2009. Exchange rate difference on other long term foreign currency loans is carried to 'Foreign Currency Monetary Item Translation Difference Account' to be amortised up to the period of loan or up to 31st March, 2011 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 profit and loss account.

(H.6) Expenses of overseas offices are translated and accounted at the monthly average rate.

(I) DERIVATIVES AND COMMODITY HEDGING TRANSACTIONS

(I.1) In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company neither holds nor issues any derivative financial instruments for speculative purposes.

(I.2) Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

(I.3) Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recorded in hedging reserve account. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to hedged risk. Any cumulative gain or loss on the hedging instrument recognised in hedging reserve is kept in hedging reserve until the forecast transaction occurs or the hedged accounting is discontinued. Amounts deferred to hedging reserve are recycled in the profit and loss account in the periods when the hedged item is recognised in the profit and loss account 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 profit and loss account 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 net 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 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.

(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.

Notes forming part of the Accounts

(J.3) Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Profit and Loss Account as income or expense.

(K) BORROWING COST

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds. 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 profit and loss account for the year in which it is incurred except for borrowing costs attributed to the acquisition/improvement of qualifying assets up to the date when such assets are ready for intended use which are capitalised as a part of the cost of such asset.

(L) LEASE ACCOUNTING

(L.1) Assets acquired under Finance Lease are segregated from the assets owned and 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.

(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 Profit and Loss Account on a straight line basis over the lease term.

(M) TAXES ON INCOME

(M.1) Tax expense consists of both current as well as deferred tax liability. Current tax represents amount of income tax payable including the tax payable u/s 115JB, if any, in respect of taxable income for the year.

(M.2) Minimum Alternate Tax Credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax within the specified period.

(M.3) Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year that originates in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

(M.4) Deferred tax asset is recognised and carried forward to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised.

(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 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.

(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.

2. MANAGERIAL REMUNERATION:

A. DIRECTORS' REMUNERATION

(Rs. in Crores)

Particulars	2009-10	2008-09
Managing/Whole-time Directors		
(i) Salaries	0.66	0.63
(ii) Contribution to:		
Provident Fund	0.08	0.08
Superannuation Fund	0.09	0.09
Provision for Gratuity	0.02	0.07
(iii) Perquisites	1.14	0.23
(iv) Medical Expenses	0.03	0.02
(v) Other Allowances	1.40	0.00
Total	3.42	1.12
(ix) Commission to Non Whole-time Directors	0.17	0.00
Total	3.59	1.12

Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956

(Rs. in Crores)

Particulars	2009-10
Profit before Taxes as per Profit & Loss Account	52.00
Add:	
Depreciation as per Accounts	113.80
Managerial Remuneration	3.59
Directors' Sitting Fees	0.02
	169.41
Less:	
Surplus on disposal of fixed assets as Per section 349	12.66
Depreciation as per Section 350	113.80
Net Profit	42.95

Commission to

(a) Non Whole-time Directors at 1% maximum Rs.0.43 Crore, restricted up to Rs.0.17 Crore.

Notes forming part of the Accounts

3. CONTINGENT LIABILITIES

- Bills discounted Rs. 55.49 crores (Rs. 74.58 crores).
 - Claims against the Company not acknowledged as Debt Rs. 8.51 Crores (Rs.9.85 crores).
 - Guarantees given by the Banks on behalf of the Company Rs. 15.42 crores (Rs.6.67 crores).
 - Guarantees given by the Company on behalf of the subsidiary/ joint venture companies Rs. 208.56 crores (Rs.100.69 crores).
 - Excise/Custom demands, Sales Tax demands, Income Tax demands and Service Tax demands in dispute Rs. 13.52 crores (Rs. 20.37 crores), Rs. 14.75 crores (Rs.15.92 crores), Rs. 6.14 crores (Rs. 5.98 crores) and Rs. 1.06 crores (Rs. 0.58 Crore) respectively.
 - Dividend on Redeemable Cumulative Non-Convertible Preference Shares Rs. Nil (Rs.0.74 crore).
4. The estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 15.91 crores (Rs. 13.37 crores).

5. (a) EQUITY SHARES AND WARRANTS

- The Promoters/Promoter Group have not exercised the right for conversion of 4,10,00,000 warrants into Equity Shares within the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand forfeited and paid up amount of Rs. 21.32 Crores on such warrants has been transferred to Capital Reserve.
- In the Extra Ordinary General Meeting of the Company held on 12th May, 2009, the shareholders have approved the preferential allotment of 3,32,00,000 warrants to Promoters/Promoter Group at an issue price of Rs. 15/- which are convertible into 3,32,00,000 equity shares of Rs. 10/- each at a premium of Rs. 5/- at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more tranches and;
- The Promoters/Promoter Group have exercised the right for conversion of 1,30,00,000 warrants into Equity Shares with in the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand converted in to 1,30,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per share.

(b) PREFERENCE SHARES

Preference Shares issued in accordance with the Restructuring Scheme of the Company:

Class of Preference Shares (redeemable cumulative non-convertible)	Redemption period	Quarterly Instalments (% of Principal)
66,00,000 – 6% Preference shares of Rs.100/- each	30.06.2004 to 31.03.2005	5%
	30.06.2005 to 31.03.2006	10%
	30.06.2006 to 31.03.2007	15%
(Previous year 66,00,000 – 6% Preference shares of Rs.100/- each)	30.06.2007 to 31.03.2008	20%
	30.06.2008 to 31.03.2009	20%
	30.06.2009 to 31.03.2010	30%

Note: 30% of Principal amount was redeemed and paid during the year. Accordingly, the said preference shares stand fully redeemed.

6. SECURED LOANS

(a) DEBENTURES

The break up of the Debentures and relevant details thereof are as under:

(Rs.in Crores)

No. of Debentures	Rate of Interest	Total amount of Issue	Balance as on 31.03.10	Balance as on 31.03.09
600 000 11% privately placed Secured Redeemable Non-Convertible Debenture of Rs.100/- each (Redeemable at Face value in Twenty Quarterly installments commencing on 1st April, 2006 and ending on 1st January, 2011) Funded Interest (Paid on 31st March, 2010)	11.00%	6.00	0.90	2.10
Total			0.90	3.13

SECURITY :

6,00,000 11% Privately placed Secured Redeemable NCD of Rs.100/- Each

Secured by a first charge on Land and Building, Plant and Machinery and other assets of the Company situated at Bommasandra Industrial Area, Bangalore, subject to charges created for loans from banks and bank borrowings as referred in note below.

b) LOANS FROM BANKS, FINANCIAL INSTITUTIONS AND OTHERS

Loans from Banks stand secured as under:

Out of Term Loans of Rs.749.95 Crores

- Loans amounting to Rs. 721.79 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 Rs. 460.52 Crores are additionally secured by first charge on Movable Fixed Assets of Jeans and Shirts Garment divisions at Bangalore.
- Loan of Rs. 27.41 Crores is secured by first charge on all the Immovable Properties, Movable Properties, Intangible Properties and General Assets of the Company presently relating to four Textile Plants excluding Textile Plant at Ashoka Cotsyn Division, Khokhra, Ahmedabad 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 and also secured by second charge on all the Company's Current Assets both present and future relating to these Textile Plants.

Notes forming part of the Accounts

- C. Loans of Rs. 0.74 Crore are secured by 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 and are also secured by second charge on all the Company's Current Assets both present and future relating to the Textile Plants.
- D. Loans of Rs. 0.01 Crores are secured by hypothecation of related vehicles.

Out of Cash Credit and other facilities of Rs. 746.62 Crores

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.

From Financial Institutions and others:

Loans from Financial Institutions and others stand secured as under:

Out of Loans of Rs. 231.26 Crores

- A. Loans amounting to Rs. 224.10 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 Bhojan, 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 Rs. 19.01 Crores are additionally secured by first charge on Movable Fixed Assets of Jeans and Shirts Garment divisions at Bangalore.
- B. Loan of Rs. 2.59 Crores is secured by first charge on Company's Immovable Property situated at Ramnagar, Bangalore. The Company is in the process of creating security.
- C. Loans of Rs. 4.57 Crores are secured by 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 and are also secured by second charge on all the Company's Current Assets both present and future relating to the Textile Plants.

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

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

7. Other Liabilities include Rs. 0.94 Crore (Rs. 3.22 Crores) on account of book overdraft.
8. During the year, the Company has capitalised the borrowing cost of Rs. Nil (Rs. 0.74 Crore).
9. Current Assets includes Rs. 257.89 Crores (Rs.152.04 Crores) due from subsidiary companies. Current Liabilities includes Rs.82.56 Crores (Rs.66.43 Crores) due to subsidiary companies.

10. REVALUATION OF FIXED ASSETS

The Company has revalued the entire fixed assets block including goodwill with effect from 1st April, 2009 based on a valuation made by an approved valuer. The resultant increase in the gross block and accumulated depreciation amounting to Rs. 75.85 Crores and Rs.19.70 Crores respectively have been adjusted in the carrying value of respective asset class as on 1st April, 2009. The net increase of Rs. 56.15 Crores in the net book value of the entire block of fixed assets has been credited to Revaluation Reserve. However, the Company has given effect of revaluation in the accounts in the last quarter.

Had the revaluation not been carried out, the depreciation for the year would have been higher by Rs. 1.72 Crores and the profit for the year would have been lower to the same extent.

11. 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.

12. SCHEME OF ARRANGEMENT

- A Scheme of Arrangement (herein after referred to as "the Scheme") under Sections 391 to 394 read with other relevant sections of the Companies Act, 1956 was approved by the shareholders of the Company on 11th April, 2009 for inter alia:
 - Demerger and transfer of Brand Business Division ("BBD") of Arvind Limited ("the Company") into Arvind Lifestyle Brands Limited ("ALBL"); and
 - Demerger and transfer of Retail Business Division ("RBD") of the Company into Arvind Retail Limited ("ARL"); and

The Scheme was sanctioned by the High Court of Gujarat at Ahmedabad on 7th September, 2009 and has been declared effective from 1st April, 2009 referred to as the appointed date.

- Pursuant to the Scheme:
 - BBD and RBD of the Company stand demerged from the Company and transferred to and vested in the ALBL and ARL respectively as a going concern with effect from 1st April, 2009 (the appointed date);
 - BBD means the entire Undertaking classified as BBD of the Company carrying on the business of manufacturing,

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marketing and promotion of branded apparels among other activities along with all liabilities contingent or otherwise pertaining to or relating to the undertaking as appearing in the books of account which arise out of the activities or operations of the undertaking but excluding loans and borrowings and debentures, if any taken from any bank and/or financial institution;

- RBD means the entire Undertaking classified as RBD of the Company carrying on the business of retailing apparels and accessories through stores and outlets present all over India among other activities along with all liabilities contingent or otherwise pertaining to or relating to the undertaking as appearing in the books of account which arise out of the activities or operations of the undertaking but excluding loans and borrowings and debentures, if any taken from any bank and/or financial institution;
- In consideration of demerger of BBD from the Company and consequent transfer and vesting of BBD into ALBL, the ALBL has issued and allotted 2,00,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 60/- per Share, credited as fully paid-up in the Capital of the ALBL to the Company;
- In consideration of demerger of RBD from the Company and consequent transfer and vesting of RBD into ARL, the ARL has issued and allotted 2,00,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 15/- per Share, credited as fully paid-up in the Capital of the ARL to the Company.
- Upon the Scheme becoming effective, the accounts representing assets and liabilities of BBD and RBD in the books of the Company have been closed on transfer to ALBL and ARL respectively.
- The shares allotted by ALBL and ARL in consideration of the transfer of the business are shown as Investments at the issue price and are treated as Long Term Investments in Subsidiary under AS 30 and AS 13.

13. SCHEME OF ARRANGEMENT

1. A Scheme of Arrangement (herein after referred to as "the Scheme") under Sections 391 to 394 read with other relevant sections of the Companies Act, 1956 was approved by the shareholders of the Company on 1st November, 2007 for demerger and transfer of Public Mobile Radio Trunking Services Business Division ("PMRTS") of Arvind Limited ("the Company") into Arya Omnitalk Radio Trunking Services Private Limited ("AORTSPL");

The Scheme was sanctioned by the High Court of Gujarat at Ahmedabad on 16th May, 2008 and by the High Court of Bombay on 22nd August, 2008 and has been declared effective from 1st April, 2007 referred to as the appointed date.

2. Pursuant to the Scheme:
 - PMRTS of the Company stands demerged from the Company and transferred to and vested in the AORTSPL as a going concern with effect from 1st April, 2007 (the appointed date);
 - PMRTS means the entire Undertaking classified as PMRTS of the Company carrying on the business of providing public mobile radio trunking services among other activities along with all operating licenses issued by Department of Telecommunication ("DOT") of Government of India, all liabilities contingent or otherwise pertaining to or relating to the undertaking as appearing in the books of account which arise out of the activities or operations of the undertaking;

- In consideration of demerger of PMRTS from the Company and consequent transfer and vesting of PMRTS into AORTSPL, the AORTSPL has paid Rs. 6 Crores to the Company.
- Upon the Scheme becoming effective, the accounts representing assets and liabilities of PMRTS in the books of the Company have been closed on transfer to AORTSPL.
- From the appointed date up to the date on which the scheme is effective, PMRTS was held in trust for and on account of AORTSPL.
- Effect of the Scheme has been given in the current year as the permission to transfer the DOT License was received from the Government of India during the year and profit of PMRTS from 1st April 2007 to 31st March, 2009 of Rs. 0.43 Crores has been transferred to AORTSPL.

14. REDUCTION OF CAPITAL

A Scheme of Reduction of Capital (herein after referred to as "the Scheme") under Sections 78, 100 to 103 read with other relevant sections of the Companies Act, 1956 was approved by the shareholders of the Company on 25th September, 2009 and sanctioned by the High Court of Gujarat at Ahmedabad on 15th December, 2009.

Pursuant to the Scheme, the balance in Share Premium account has been utilized to the extent of Rs. 37.48 Crores (out of permitted utilization of Rs. 60 Crores). The details are as under:

Sr.	Particulars	Amount Rs. in Crores	Effect on Profit for the year had the scheme not prescribed this accounting treatment
i	Write off of Balance in Retrenchment Compensation not amortized	10.20	To the same extent
ii	Forex Loss written off	11.80	To the same extent
iii	Additional charge on unpaid Electricity Duty	6.58	To the same extent
iv	Disputed CENVAT Credit written off	6.51	To the same extent
v	Unsettled Claim written off	1.93	To the same extent
vi	Project Expenses written off	0.46	To the same extent
	Total	37.48	

15. EARLY ADOPTION OF AS 30, FINANCIAL INSTRUMENTS : RECOGNITION AND MEASUREMENT

- Consequent to the Announcement of the Institute of Chartered Accountants of India (ICAI), the Company had chosen to early adopt 'Accounting Standard - 30, Financial Instruments: Recognition and Measurement' in its entirety, read with limited revisions in various other Accounting Standards, as published by ICAI with effect from 1st July, 2008. 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 or market value whichever is lower. In the spirit of complete

Notes forming part of the Accounts

adoption of AS - 30, the Company had also implemented the consequential limited revisions to 'Accounting Standard - 11' on 'The Effects of Changes in Foreign Exchange Rates' and 'Accounting Standard - 13' on 'Accounting for Investments' as had been announced by the ICAI.

- As a result, as on Balance Sheet date, Investments, Secured Loans and Unsecured Loans are lower by Rs. 7.53 Crores, Rs. 1.27 Crores and Rs. 1.77 Crores respectively and Hedge Reserve account is credited by Rs.33.29 Crores on account of fair valuation of outstanding derivatives.

16. FOREIGN EXCHANGE DIFFERENCES

- As per the notification issued by the Ministry of Corporate Affairs dated 31st March, 2009, the Company had already exercised the option for accounting of exchange rate differences with effect from 1st April, 2007. Consequent to the adoption of that option:
 - Exchange rate differences of long-term foreign currency loans which are related to acquisition of depreciable fixed assets have been added to or deducted from the cost of the assets and depreciated over the balance life of the assets and;
 - Exchange rate differences on other long-term foreign currency loans have been transferred to 'Foreign Currency Monetary Item Translation Difference Account' to be amortised over the balance period of loans or up to 31st March, 2011 whichever is earlier.
- As a result:
 - An amount of Rs. 5.35 Crores being the exchange rate gain for the year (Previous year Loss of Rs. 16.79 Crores) has been adjusted against the fixed assets.
 - An amount of Rs. 1.06 Crores being the exchange rate gain for the year (Previous year Loss of Rs. 6.77 Crores) remains to be amortised as at the balance sheet date.

17. EMPLOYEE BENEFITS

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

(i) Defined Contribution Plans

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

(Rs. in Crores)

Particulars	2009-2010	2008-2009
Provident Fund	8.47	8.67
Superannuation Fund	1.63	2.16

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

(ii) State Plans

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

(Rs. in Crores)

Particulars	2009-2010	2008-2009
Employee's State Insurance	4.30	4.04
Employee's Pension Scheme	6.10	5.46

(iii) Defined Benefit Plans

(a) Leave Encashment/Compensated Absences

Salaries, Wages and Bonus include Rs. 3.09 Crores (Rs. 2.66 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:

(Rs. in Crores)

Particulars	2009-10	2008-09
Change in the Benefit Obligations:		
Liability at the beginning of the year	35.00	34.41
Less : Adjustment due to demerger	0.85	0.00
Liability at the beginning of the year after demerger	34.15	34.41
Interest Cost	2.73	2.81
Current Service Cost	3.00	4.34
Benefits Paid	(3.67)	(8.27)
Actuarial Loss	2.42	1.71
Liability at the end of the year	38.63	35.00
Fair Value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	32.90	35.57
Less : Adjustment due to demerger	0.47	0.00
Fair Value at the beginning of the year after demerger	32.43	35.57
Expected Return on Plan Assets	2.70	2.96
Contributions	3.18	4.54
Benefits Paid	(3.67)	(8.27)
Actuarial gain/(loss) on Plan Assets	1.68	(1.90)
Fair Value on Plan Assets at the end of the year	36.32	32.90
Total Actuarial Loss to be recognized	0.74	3.61
Actual Return on Plan Assets :		
Expected Return on Plan Assets	2.70	2.96
Actuarial gain/(loss) on Plan Assets	1.68	(1.90)
Actual Return on Plan Assets	4.38	1.06
Amount Recognised in the Balance Sheet :		
Liability at the end of the year	38.63	35.00
Fair Value of Plan Assets at the end of the year	36.32	32.90
Amount recognized in the Balance Sheet under "Provision for Retirement Benefit"	2.31	2.10

Notes forming part of the Accounts

Particulars	2009-10	2008-09
Expense Recognised in the Profit and Loss Account :		
Interest Cost	2.73	2.81
Current Service Cost	3.00	4.34
Expected Return on Plan Assets	(2.70)	(2.96)
Net Actuarial loss to be recognised	0.74	3.61
Expense recognised in the Profit and Loss Account under "Employee Emoluments"	3.77	7.80
Reconciliation of the Liability Recognised in the Balance Sheet :		
Opening Net Liability	1.72	(1.16)
Expense Recognised	3.77	7.80
Contribution by the Company	(3.18)	(4.54)
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits"	2.31	2.10

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	Current Year (%)	Previous Year (%)
Discount Rate	7.75-8	7-8
Return on Plan Assets	8	8

INVESTMENT PATTERN:

Particulars	% Invested Current Year	% Invested Previous Year
Central Government Securities	0.69	0.78
State Government Securities / Securities guaranteed by State / Central Government	1.35	2.06
Public Sector/Financial Institutional Bonds	11.06	13.16
Portfolio with Mutual Fund	86.28	83.28
Others (including bank balances)	0.62	0.72
Total	100	100

18. Disclosure in respect of Construction/Job work Contracts

(Rs. in Crores)

Sr.	Particulars	2009-10	2008-09
1.	Amount of Contract Revenue recognized	0.16	1.89
2.	Disclosure in respect of contracts in progress at the reporting date		
A	Contract cost incurred and recognised profits less recognised losses up to the reporting date	0.16	Nil
B	Progress billings	Nil	Nil
C	Due from customers	0.09	Nil
D	Due to customers	Nil	Nil

19. DISCLOSURES IN RESPECT OF JOINT VENTURE**(a) List of Joint Venture**

Sr. No.	Name of Joint Venture	Description of Interest (Description of job)	Proportion of ownership interest	Country of	
				Incorporation	Residence
1	Arya Omnitalk Wireless Solutions Limited	Jointly Controlled Entity	50%	India	India
2	Arvind Murjani Brands Pvt. Ltd.	Jointly Controlled Entity	50%	India	India
3	VF Arvind Brands Pvt. Ltd.	Jointly Controlled Entity	40%	India	India

(b) Financial interest in Jointly Controlled Entity (Unaudited)

(Rs. in Crores)

Sr. No.	Name of Joint Venture	Company's share of			
		Assets	Liabilities	Income	Expenses
		As at 31st March, 2010		For the year	
1	Arya Omnitalk Wireless Solutions Limited	12.30 (11.95)	8.48 (8.99)	13.09 (11.93)	12.23 (10.63)
2	Arvind Murjani Brands Pvt. Ltd.	16.71 (16.16)	11.36 (12.13)	27.64 (23.93)	26.75 (23.55)
3	VF Arvind Brands Pvt. Ltd.	72.20 (89.37)	84.77 (91.15)	78.59 (82.93)	88.22 (116.67)

Company's share in:

- Contingent Liability in respect of guarantee given by Bank Rs. 0.13 Crore (Rs. 0.37 Crore)
- Disputed Demand in respect of Excise Duty and Sales Tax (Rs. 7,500/-) (Rs.0.03 Crore) and Rs. 0.02 Crore (Rs. 0.02 Crore) respectively.
- Capital commitments Rs. 0.26 Crore (Rs. 0.73 Crore).
- Counter Guarantee given to ultimate holding company Rs. 69.60 Crore (Rs. 69.60 Crore).

20. LEASE RENT

- 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: (Rs. in Crores)

Particulars	2009-10	2008-09
Future Minimum lease payments obligation on non-cancellable operating leases:	75.38	76.75
Not later than one year	4.51	4.06
Later than one year and not later than five years	21.91	16.27
Later than five years	48.96	56.42
Lease Payment recognised in Profit and Loss Account	5.70	4.72

Notes forming part of the Accounts

(B) Plant and Machineries are taken on operating lease for a period of 3 to 90 months with the option of renewal.

The particulars of these leases are as follows: (Rs. in Crores)

Particulars	2009-10	2008-09
Future Minimum lease payments obligation on non-cancellable operating leases :	60.88	20.53
Not later than one year	10.58	4.63
Later than one year and not later than five years	35.05	15.90
Later than five years	15.25	NIL
Lease Payment recognized in Profit & Loss Account	8.94	7.92

(C) 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: (Rs. in Crores)

Particulars	2009-10	2008-09
Future Minimum lease payments obligation on non-cancellable operating leases :	57.66	141.26
Not later than one year	14.19	38.47
Later than one year and not later than five years	38.41	81.42
Later than five years	5.06	21.37
Lease Payment recognized in Profit and Loss Account	12.37	50.70

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

The particulars of these leases are as follows: (Rs. in Crores)

Particulars as on 31.03.2010	Minimum lease payments	Present Value of Minimum lease Payments	Interest and Other Charges not due
Future Minimum lease payments obligation :	1.10	1.00	0.10
Not later than one year	0.64	0.60	0.04
Later than one year and not later than five years	0.46	0.40	0.06
Later than five years	Nil	Nil	Nil

Particulars as on 31.03.2009	Minimum lease payments	Present Value of Minimum lease Payments	Interest and Other Charges not due
Future Minimum lease payments obligation :	1.74	1.50	0.24
Not later than one year	0.64	0.60	0.04
Later than one year and not later than five years	1.10	0.90	0.20
Later than five years	Nil	Nil	Nil

(E) Rent Income includes Lease Rental received towards Plant and 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: (Rs. in Crores)

Particulars	2009-10	2008-09
Future Minimum lease payments under non-cancellable operating leases :	NIL	0.07
Not later than one year	NIL	0.07
Later than one year and not later than five years	NIL	NIL
Later than five years	NIL	NIL
Lease Income recognised in Profit and Loss Account	0.07	0.09

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

The particulars of these leases are as follows: (Rs. in Crores)

Particulars	2009-10	2008-09
Future Minimum lease payments under non-cancellable operating leases :	0.53	1.06
Not later than one year	0.53	0.53
Later than one year and not later than five years	Nil	0.53
Later than five years	Nil	Nil
Lease Income recognised in Profit and Loss Account	0.53	0.53

Other Disclosure:

(Rs. in Crores)

Class of Assets given on Lease	Gross Block				Depreciation Fund		
	As at 31-03-09	Adjustment due to Revaluation	As at 31-03-10	As at 31-03-09	Adjustment due to Revaluation	For the year	As at 31-03-10
Plant and Machineries	5.68	0.00	0.00	4.02	0.00	0.54	0.00
Office Buildings	16.56	4.10	20.66	2.57	0.89	0.33	3.79

21. MICRO AND SMALL ENTERPRISES DUES

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

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

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

22. AUDITORS' REMUNERATION

(Rs. in Crores)

Statutory Auditors	2009-2010	2008-2009
- As Auditors	0.45	0.35
- In Other Capacity		
Tax Audit Matters	0.12	0.18
Taxation Matters	0.06	0.08
Company Law Matters and Other Services including Certification Work	0.46	0.60
- Out of Pocket Expenses	0.04	0.04
Cost Auditor		
-Cost Audit Fees	0.02	0.02

Notes forming part of the Accounts

23. NOTES TO CASH FLOW STATEMENT

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements notified by Companies (Accounting Standards) Rules, 2006.
- The demerger of BBD, RBD and PMRTS Division of the Company under the Scheme of Arrangements approved by the High Court of Gujarat are non cash transactions for the Company.
- Figures in bracket represent outflow of cash.
- Cash and Cash Equivalents includes Rs. 6.20 Crores (Previous Year Rs. 0.29 Crore) not available for use by the Company.

24. SEGMENT REPORTING

(A) PRIMARY SEGMENT (BUSINESS SEGMENT)

(Rs. in Crores)

Particulars	2009-10	2008-09
Segment Revenue		
a) Textiles	2,217.00	1,769.45
b) Branded Garments	75.06	573.10
c) Others	24.82	29.19
d) Unallocable	0.01	(0.04)
Total Segment Revenue	2,316.89	2,371.70
Less :Inter Segment Revenue	0.00	18.40
Net Segment Revenue	2,316.89	2,353.30
Segment Results		
Segment Results before Interest and Finance Cost		
a) Textiles	203.99	135.68
b) Branded Garments	6.70	11.88
c) Others	3.26	5.84
d) Unallocable	(6.48)	31.03
Total Segment Results	207.47	184.43
Less : Interest and Finance Cost	155.47	230.44
Profit/(Loss) from Ordinary Activities	52.00	(46.01)
Extra Ordinary Items (Net)	0.00	0.00
Profit/(Loss) before Tax	52.00	(46.01)
Other Information		
Segment Assets		
a) Textiles	2,706.00	2,272.30
b) Branded Garments	52.60	493.10
c) Others	24.59	23.66
d) Unallocable	962.07	1027.38
Total Assets	3,745.26	3,816.44
Segment Liabilities		
a) Textiles	389.03	382.18
b) Branded Garments	24.51	158.75
c) Others	5.28	4.90
d) Unallocable	34.80	62.94
Total Liabilities	453.62	608.77

Particulars	2009-10	2008-09
Segment Depreciation/Impairment		
a) Textiles	108.39	103.50
b) Branded Garments	1.09	12.95
c) Others	0.25	0.85
d) Unallocable	4.07	4.75
Total Depreciation/Impairment	113.80	122.05
Capital Expenditure		
a) Textiles	22.24	53.18
b) Branded Garments	0.00	59.23
c) Others	0.00	1.18
d) Unallocable	15.24	1.66
Total Capital Expenditure	37.48	115.25
Non cash expenses other than Depreciation		
a) Textiles	0.42	0.68
b) Branded Garments	0.00	1.58
c) Others	0.00	0.00
d) Unallocable	0.02	0.03
Total Non cash expenses other than Depreciation	0.44	2.29

(B) Secondary Segment (Geographical by Customers)

(Rs. in Crores)

Particulars	2009-10	2008-09
Segment Revenue		
a) In India	1,186.82	1,350.29
b) Outside India	1,130.07	1,003.01
Total Sales	2,316.89	2,353.30
Carrying Cost of Assets by location of Assets		
a) In India	3,660.57	3,714.09
b) Outside India	84.69	102.35
Total	3,745.26	3,816.44
Addition to Assets		
a) In India	37.48	115.25
b) Outside India	0.00	0.00
Total	37.48	115.25

Notes:

- The Company has disclosed business segments as the primary segment. Segments have been identified taking into account the nature of the products, differential risks and returns, the Organizational structure and internal reporting system. The Company's operations predominantly relate to manufacturing of textiles and Branded Garments.
- Types of Products and Services in each business segment :
 - Textiles** : Yarn, Fabric and Garments
 - Branded Garments** : Branded Garments
 - Others** : EPABX and RAX Systems (Electronic Division), I.T. Services and Construction business
- Intersegment Revenues are recognised at sales price.

Notes forming part of the Accounts

25. RELATED PARTY DISCLOSURES

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

List of Related Parties & Relationship :

Subsidiary Companies (A)	Key Management Personnel and relatives (B)	Joint Venture (C)
Asman Investment Limited	Shri Sanjay S. Lalbhai, Chairman & Managing Director	Arya Omnitalk Wireless Solutions Limited
Arvind Products Limited	Shri Jayesh K. Shah, Director & Chief Financial Officer	Arvind Murjani Brands Private Limited
The Anup Engineering Limited	Shri Punit S. Lalbhai, Son of Chairman & Managing Director	VF Arvind Brands Private Limited
Arvind Retail Limited	Shri Kulin S. Lalbhai, Son of Chairman & Managing Director	
Arvind Lifestyle Brands Limited		
Arvind Accel Limited		
Syntel Telecom Limited		
Arvind Infrastructure Limited (with effect from 1st July, 2009)		
Silverstone Properties Limited (with effect from 1st July, 2009)		
Lifestyle Fabrics Limited (Up to 22nd April, 2009)		
Arvind Worldwide Inc., USA		
Arvind Worldwide (M) Inc., Mauritius		
Arvind Overseas (M) Limited, Mauritius		
Arvind Spinning Limited, Mauritius		
Arvind Textile Mills Limited, Bangladesh		

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

Related Party Transactions :

(Rs. in Crores)

Nature of Transactions	Referred in 1(A) Above		Referred in 1(B) Above		Referred in 1(C) Above	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Purchases						
Goods and Materials	42.80	70.06			36.09	65.22
Fixed Assets	0.03	0.20				
Sales						
Goods and Materials	145.66	68.63			21.55	15.86
Fixed Assets	9.54	0.87				
Expenses						
Receiving of Services	69.85	49.77			0.00	3.64
Remuneration and Other Services			3.54	1.18		
Agent Commission	0.00	0.09				
Others	0.31	0.71			0.00	0.03
Income						
Rendering of Services	5.20	39.72			53.20	49.97
Interest Income	17.53	19.45			0.23	0.54

Notes forming part of the Accounts

Nature of Transactions	Referred in 1(A) Above		Referred in 1(B) Above		Referred in 1(C) Above	
Finance						
Lease Rent Income	0.07	0.10				
Loan Given/(Repaid) (Net)	13.98	6.05			(1.10)	0.00
Lease Rent Expenses	0.19	0.37				
Guarantees and Collaterals	196.16	89.54			12.40	11.15
Investments (Net)	190.12	0.89			0.00	0.00
Outstanding :						
Receivable in respect of Current Assets	257.89	152.04			19.52	11.42
Receivable in respect of loans	178.09	164.11			4.20	5.30
Payable in respect of Current Liabilities	82.56	66.43			14.35	36.12

(Rs. in Crores)

(Rs.in Crores)

Name of Subsidiary	Loans and Advances in the nature of Loans	
	Closing Balance	Maximum Outstanding
Arvind Overseas (Mauritius) Limited	7.91	7.91
Asman Investments Limited	159.98	159.98
Arvind Products Limited	110.81	119.97
Arvind Worldwide (M) Inc.	4.28	4.83
Arvind Worldwide Inc., USA	2.02	5.83
Arvind Accel Limited	0.03	0.03
Arvind Retail Limited	1.07	1.07
Anup Engineering Limited	0.11	0.11
Arvind Textile Mills Limited, Bangladesh	0.01	0.01
Arvind Lifestyle Brands Limited	5.08	6.49
Syntel Telecom Limited	0.63	0.63
Silverstone Properties Limited	5.16	5.16
Total	297.09	312.02

Note :

1. No repayment schedule has been fixed in case of above mentioned Loans and Advances in the nature of loans given to Subsidiary Companies and some of them are interest free.

26. EARNING PER SHARE (EPS)

Particulars		2009-10	2008-09
Profit/(Loss) available to Equity Shareholder	Rs. in Crores	51.11	(49.84)
Weighted average no. of Equity Shares for Basic EPS	Nos.	225191240	218977541
Weighted average no. of Equity Shares for Diluted EPS	Nos.	246687525	260635024
Nominal value of Equity Shares	Rs.	10	10
Basic Earning per Equity Share	Rs.	2.27	(2.28)
Diluted Earning per Equity Share	Rs.	2.07	(1.91)

(A) Reconciliation of Profit/(Loss) for the year, used for calculating Earning per Share	2009-10	2008-09
Profit/(Loss) for the year before Extra Ordinary Items	52.00	(47.87)
Less: Dividend on redeemable cumulative non-Convertible Preference Shares	0.76	1.68
Less : Tax on Preference Dividend	0.13	0.29
Profit/(Loss) available to Equity Shareholder	51.11	(49.84)
(B) Weighted average number of Equity Shares	2009-10	2008-09
No. of Shares for Basic EPS	225191240	218977541
No. of Shares for Diluted EPS after considering Potential equity shares to be converted from warrants and dilute effect of outstanding stock options	246687525	260635024

27. Employee Share Based Payment

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

Scheme	ESOS 2008
Date of Grant	25th October, 2008
Number of options granted	27,50,000
Exercise Price per option	Rs. 14.65
Date of vesting	The vesting will be as under : 25% on 30th April, 2010 25% on 30th April, 2011 25% on 30th April, 2012 25% on 30th April, 2013
Exercise Period	Within 3 years from the date of respective vesting.
Method of settlement	Through allotment of one Equity Share for each option granted.

- b) 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 Rs. 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 Rs. Nil.

Notes forming part of the Accounts

- c) Further details of the stock option plans ESOS 2008 is as follows:

Particulars	2009-10	2008-09
Options Outstanding at start of year	27,50,000	Nil
Options Granted during the year	Nil	27,50,000
Options Lapsed during the year	1,45,000	Nil
Options Exercised during the year	Nil	Nil
Options vested but not exercised at end of year	Nil	Nil
Options not vested at end of year	26,05,000	27,50,000
Weighted Average Exercise Price per Option	Rs. 14.65	Rs. 14.65

- d) 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 – Vesting on 30th April			
	2010	2011	2012	2013
Estimated Value of Stock Options (Rs.)	6.63	7.24	8.02	8.62
Share Price at Grant Date (Rs.)	14.65	14.65	14.65	14.65
Exercise Price (Rs.)	14.65	14.65	14.65	14.65
Expected Volatility (%)	58.74%	54.53%	54.46%	53.71%
Dividend Yield Rate (%)	0.33%	0.33%	0.33%	0.33%
Expected Life of Options (in years)	3.01	4.01	5.02	6.02
Risk Free Rate of Interest (%)	7.57%	7.61%	7.65%	7.70%

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

(Rs. in Crores)

Particulars	2009-10	2008-09
Net Profit/ (Loss) After Tax as reported	51.11	(49.84)
Less : Amortisation of Compensation Cost (pro forma)	(0.76)	(0.36)
Net Profit/ (Loss) considered for computing EPS (pro forma)	50.35	(50.20)
Earning Per Share - (Basic)		
- as reported	2.27	(2.28)
- pro forma	2.24	(2.29)
Earning Per Share - (Diluted)		
- as reported	2.07	(1.91)
- pro forma	2.04	(1.93)

28. 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.

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

30. DISCLOSURE IN RESPECT OF

(a) PROVISION FOR DISPUTED MATTERS

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

Indirect Taxes

(Rs. in Crores)

Particulars	2009-10	2008-09
Opening Balance	2.81	3.30
Add : Provision made	0.00	0.00
Less : Provision reversed	0.00	0.49
Less : Adjustment due to Demerger	2.81	0.00
Closing Balance	0.00	2.81

(B) PROVISION FOR FAIR VALUATION LOSS ON DERIVATIVES

The Company had made provisions for Fair Valuation Loss on Derivatives, the liability for which may arise in the future, the quantum whereof will be determined as and when the derivatives are settled/cancelled.

(Rs. in Crores)

Particulars	2009-10	2008-09
Opening Balance	122.49	12.56
Add : Provision made	(33.29)	122.49
Less : Provision reversed	122.49	12.56
Closing Balance	(33.29)	122.49

31. Category-wise Quantitative data about derivative instruments outstanding:

Particulars	Currency	As at 31st March, 2010			As at 31st March, 2009		
		In Mn	Avg. Ex. Rate	Rs. In Crores	In Mn	Avg. Ex. Rate	Rs. In Crores
Forward Sales	USD	116.47	47.8081	556.84	243.94	47.0400	1,147.50
	EUR	0	0	0	11.90	64.3448	76.57
	GBP	1.50	70.4105	10.55	6.19	72.3732	44.81
Forward Purchase	USD	5.68	47.7926	27.16	12.80	51.4236	65.82
	EUR	54.30	48.4343	263.00	6.00	48.9000	29.34
Option Deals	EUR	0	0	0	7.10	76.4858	54.27

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

Notes forming part of the Accounts

32. BREAKUP OF SALES (NET OF EXCISE)

	Class of Goods	Unit of Quantity	2009-10		2008-09	
			Quantity in Crores	Amount Rs. in Crores	Quantity in Crores*	Amount Rs. in Crores
(A) Textile :						
	Cloth	Meters	12.72	1,512.75	9.43	1134.77
	Grey	Meters	0.08	5.46	0.02	1.28
	Grey	Kgs	(38,008)	0.20	(42,597)	0.22
	Knit Fabric	Kgs	0.22	51.68	0.15	49.00
	Cotton	Kgs	0.00	0.00	0.13	6.53
	Yarn	Kgs	0.25	36.41	0.26	36.52
				1,606.50		1,228.32
(B) Electronics :						
	EPABX/RAX	Lines	0.02	19.39	0.02	20.28
	Delta	Lines	0.01	4.64	(6336)	0.67
	Others			0.56		6.34
				24.59		27.29
(C) Garments						
	Garments	Nos.	1.92	555.25	2.39	962.22
(D) Utility				29.74		25.08
(E) I T Services				0.01		0.01
(F) Others Sales				36.40		60.58
	Total Sales			2,252.49		2,303.50

* After adjusting shortages/excess, if any.

33. BREAK UP OF RAW MATERIALS CONSUMED

Item	Unit of Quantity	2009-10		2008-09	
		Quantity in Crores	Amount Rs. in Crores	Quantity in Crores	Amount Rs. in Crores
Cotton	Kgs	5.46	347.58	4.97	319.11
Yarn/Fibre*	Kgs	2.11	314.13	1.29	201.29
Grey Cloth	Meters	0.98	121.53	0.24	26.79
Fabric	Meters	1.00	124.87	1.01	92.09
Others**			60.62		56.55
			968.73		695.83

** In view of large number of items, individually costing less than 10% of the total sales and closing stock, quantitative details can not be given.

34. BREAKUP OF PURCHASES OF FINISHED GOODS

Item	Unit of Quantity	2009-10		2008-09	
		Quantity in Crores	Amount Rs. in Crores	Quantity in Crores	Amount Rs. in Crores
Textiles :					
Cloth	Meters	0.03	3.14	0.09	13.16
Cotton	Kgs	0.00	0.00	0.13	8.22
Others			0.00		0.02
			3.14		21.40
Electronics :					
Delta	Lines	(47,803)	5.26	(13,900)	1.04
Garments:					
Garments	Nos.	0.04	39.21	0.71	268.45
Total			47.61		290.89

Notes forming part of the Accounts

35. BREAKUP OF FINISHED GOODS STOCK (INCLUDING TRADED GOODS)

Item	Unit of Quantity	2009-10		2008-09	
		Quantity in Crores	Amount Rs. in Crores	Quantity in Crores	Amount Rs. in Crores
Opening Stocks :					
Textiles					
Cloth	Meters	0.58	68.11	0.79	89.35
Knits Fabric	Kgs	0.02	7.57	0.04	10.20
Yarn	Kgs	0.01	0.68	0.05	4.52
			76.36		104.07
Electronics :					
FCBC/PBT	Nos.	0	0	0	0
EPABX/RAX	Lines	(3,327)	0.07	(1,597)	0.10
Delta	Lines	(8,280)	0.69	(716)	0.10
			0.76		0.20
Garments:					
Garments	Nos.	0.52	178.27	0.46	138.96
Less : Adjustment due to Demerger	Nos.	0.34	132.74	0.00	0.00
		0.18	45.53	0.46	138.96
Total			122.65		243.23

36. BREAKUP OF FINISHED GOODS STOCK (INCLUDING TRADED GOODS)

Item	Unit of Quantity	2009-10		2008-09	
		Quantity in Crores	Amount Rs. in Crores	Quantity in Crores	Amount Rs. in Crores
Closing Stocks :					
Textiles:					
Cloth	Meters	0.47	52.07	0.58	68.11
Knit Fabrics	Kgs	0.02	4.20	0.02	7.57
Yarn	Kgs	0.01	1.27	0.01	0.68
			57.54		76.36
Electronics :					
EPABX/RAX	Lines	(2,704)	0.06	(3,327)	0.07
Delta	Lines	(3,833)	2.28	(8,280)	0.69
			2.34		0.76
Garments :					
Garments	Nos.	0.16	32.33	0.52	178.27
			32.33		178.27
Others:					
			0.13		0.00
Total			92.34		255.39

Notes forming part of the Accounts

37. ACTUAL PRODUCTION

Class of Goods	Unit of Quantity	2009-10 Quantity in Crores	2008-09 Quantity in Crores
Cloth*	Meters	12.58	9.13
Cloth**	Kgs	0.21	0.13
Yarn***	Kgs	0.19	0.14
EPABX	Lines	0.02	0.02
Garments****	Nos.	1.87	1.74
Yarn@	Kgs	0.06	0.09
Grey@	Meters	0.08	0.02
Grey@	Kgs	(38,008)	(42,957)

* Net of internal consumption of 0.39 Crore (0.67 Crore) Meters

** Net of internal consumption of 0.25 Crore (0.27 Crore) Kgs

*** Net of internal consumption of 0.68 Crore (1.39 Crore) Kgs

**** Includes Garments produced outside the Company by Job workers

@ Semi Processed Goods meant for Sale.

Note:

Quantity of cloth shown in opening stock, production and closing stock is packed cloth only and does not include loose finished cloth lying in folding/stamping department.

38. INSTALLED CAPACITY

Particulars	2009-10	2008-09
Spindles	80644	106776
Rotors	5472	8112
Stitching Machines	678	678
Knitting Machines	116	116
Looms	931	1012
EPABX/RAX System Lines	2,00,000	2,00,000
Garments (Pcs.)	1,24,00,000	1,23,40,000

Notes:

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

39. C.I.F VALUE OF IMPORTS

(Rs. in Crores)

C.I.F value of Imports	2009-10	2008-09
(a) Capital Goods	6.53	8.07
(b) Dyes and Chemicals, Stores and Spares Parts	49.76	53.71
(c) Raw Materials and Accessories	80.97	66.98
(d) Finished Goods	0.00	2.23

40. EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Crores)

	2009-10	2008-09
(a) Interest	37.09	36.26
(b) Commission	3.76	8.12
(c) Professional and Consultation Fees	1.89	1.55
(d) Other Matters	14.97	23.72
Total	57.71	69.65

41. CONSUMPTION OF IMPORTED RAW MATERIALS AND SPARES

(Rs. in Crores)

	2009-10		2008-09	
	Raw materials	Spares	Raw materials	Spares
Imported	133.44	11.38	79.19	9.61
	13.77%	30.53%	11.38%	27.42%
Indigenous	835.29	25.92	616.64	25.43
	86.23%	69.47%	88.62%	72.58%
Total	968.73	37.30	695.83	35.04
	100%	100%	100%	100%

42. REMITTANCES IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS

	2009-10	2008-09
(a) Year to which the dividend relates	N.A.	N.A.
(b) Number of non-resident shareholders to whom remittances were made	Nil	Nil
(c) Numbers of shares on which remittances were made	Nil	Nil
(d) Amounts remitted Rs.	Nil	Nil

43. EARNING IN FOREIGN EXCHANGE

(Rs. in Crores)

	2009-10	2008-09
(a) Export of goods on FOB basis	1,061.46	921.18
(b) Consultancy Income	Nil	Nil

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

45. Previous year's figures are shown in brackets and are regrouped or recast wherever necessary. The figures for the current year do not include the figures of BBD, RBD and PMRTS Division of the Company which were demerged from the Company under the Schemes of Arrangement and hence are not comparable with those of the previous year.

Signatures to Schedules 1 to 18

As per our report attached

For **SORAB S. ENGINEER & CO.**Firm Registration No. 110417W
Chartered Accountants**CA. N. D. ANKLESARIA**

Partner

Ahmedabad, May 29, 2010

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

R. V. BHIMANI

Company Secretary

Balance Sheet Abstract and Company's General Business Profile :

1. Registration Details :

Registration No.	L17119GJ1931PLC000093
Balance Sheet Date	31.03.10

State Code	04
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2. Capital Raised During the period : (Amount in Rs. Thousand)

Public Issue	Nil
Bonus Issue	Nil

Right Issue	Nil
Private Placement	13,00,000

3. Position of Mobilisation and Deployment of Funds : (Amount in Rs.Thousand)

Total Liabilities	3,30,34,063
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Total Assets	3,30,34,063
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Sources of Funds :

Paid up Capital	23,95,530
Reserves & Surplus	1,18,04,575
Secured Loans	1,72,87,294
Unsecured Loans	14,18,427
Deferred Tax Liability	1,28,237

Application of Funds :

Net Fixed Assets	1,96,49,740
Investments	30,02,893
Foreign Currency Monetary Item Translation Difference Account	(10,573)
Net Current Assets	1,03,92,003
Miscellaneous Expenditure	Nil

4. Performance of Company : (Amount in Rs. Thousand)

Turnover	2,25,24,913
Profit before tax	5,19,995
Earning per Share - Basic (Rs.)	2.27
Earning per Share -Diluted (Rs.)	2.07
Dividend Rate	Nil

Total Expenditure	2,27,67,145
Profit after tax	5,19,995

5. Generic Names of Principal Products, Services of the Company :

Item Code No. (ITC Code)	52094200
Item Code No. (ITC Code)	52080000
Item Code No. (ITC Code)	62034200
Item Code No. (ITC Code)	62052000

Product Description	Denim
Product Description	Woven Fabrics of Cotton weighing not more than 200 g/m ²
Product Description	Mens/Boys Trousers/ Pants & Shorts
Product Description	Mens/Boys Shirts

SANJAY S. LALBHAI Chairman & Managing Director

JAYESH K. SHAH Director & Chief Financial Officer

R. V. BHIMANI Company Secretary

CONSOLIDATED FINANCIAL ACCOUNTS

Consolidated Auditors' Report

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

1. We have examined the attached Consolidated Balance Sheet of Arvind Limited and its subsidiaries and Joint Ventures ("Arvind Group") (excluding 3 subsidiaries for the reasons stated in Note No. 3 of Schedule 18) as at 31st March, 2010, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.
2. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the generally accepted auditing standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of eight Subsidiaries whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of Rs. 266.15 Crores as at 31st March, 2010 and total Revenue of Rs. 151.16 Crores for the year then ended. These Financial Statements have been audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amount included in respect of these subsidiaries, is based solely on the report of the other auditors.
4. We did not audit the financial statements of three Joint Venture Entities whose financial statements reflect (before giving effect to the consolidation adjustments) total Assets of Rs. 100.91 Crores as at 31st March, 2010 and total Revenue of Rs. 119.32 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.
5. As mentioned in Note No. 16 of Schedule 18 in respect of early adoption by Arvind Limited (Holding Company) of Accounting Standard (AS) – 30 on 'Financial Instruments: Recognition and

Measurement' and Limited revision arising out of it in other Accounting Standards, issued by the Institute of Chartered Accountants of India, the holding company has measured all its Financial Assets and Liabilities at their respective Fair Values or at Amortised Cost. Accordingly, Accounting Standard (AS) – 13 on 'Accounting for Investments' and Accounting Standard (AS) – 11 on 'The Effects of Changes in Foreign Exchange Rates' have been followed only for those transactions which are not within the scope of Accounting Standard (AS) -30. Had the Company followed (AS) – 11 and (AS) – 13 in their entirety, the carrying amount of Investments, Secured Loans and Unsecured Loans would have been higher by Rs. 1.65 Crores, Rs. 1.27 Crores and Rs. 1.77 Crores respectively and carrying value of Hedge Reserve would have been lower by Rs. 33.29 Crores respectively.

6. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS)-21, 'Consolidated Financial Statements and Accounting for Investments in Subsidiaries in Separate Financial Statements' with reference to note mentioned in para 5 above and Accounting Standard (AS)-27, 'Financial Reporting of Interests in Joint Ventures', notified by Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Arvind Group included in the consolidated financial statements.
7. On the basis of the information and explanations given to us, and on the consideration of the separate audit reports on individual audited financial statements of the Arvind Group, we are of the opinion that :
 - (a) the Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Arvind Group as at 31st March, 2010;
 - (b) the Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of the Arvind Group for the year then ended; and
 - (c) the Consolidated Cash Flow Statement gives a true and fair view of the consolidated cash flows of the Arvind Group for the year then ended.

Ahmedabad
May 29, 2010

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

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

Consolidated Balance Sheet as at 31st March, 2010

	Schedule	Rs. in Crores As at 31.03.2010	Rs. in Crores As at 31.03.2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	239.55	260.10
Reserves and Surplus	2	1043.08	806.44
		1282.63	1066.54
Minority Interest			
		14.07	10.96
Loan Funds			
Secured Loans	3	2019.77	2157.81
Unsecured Loans	4	182.72	151.83
		2202.49	2309.64
Deferred Tax Liabilities (Net)			
		13.44	25.63
Total		3512.63	3412.77
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	3836.01	3667.43
Less: Depreciation/Impairment		1404.80	1279.33
Net Block		2431.21	2388.10
Capital work-in-progress		57.88	85.51
		2489.09	2473.61
Investments			
Foreign Currency Monetary Item Translation Difference Account (Note No. 17)		(1.06)	6.77
Current Assets, Loans and Advances			
Inventories	6	801.23	733.74
Sundry Debtors		425.92	281.65
Cash and Bank Balances		59.65	39.66
Other Current Assets		103.88	53.63
Loans and Advances		285.99	378.57
		1676.67	1487.25
Less: Current Liabilities and Provisions			
Liabilities	8	685.08	436.47
Provisions		10.72	136.82
		695.80	573.29
Net Current Assets			
		980.87	913.96
Miscellaneous Expenditure			
(To the extent not written off)	9	0.00	10.18
Total		3512.63	3412.77
Notes Forming Part of Accounts	18		

As per our report attached
For **SORAB S. ENGINEER & CO.**
Firm Registration No. 110417W
Chartered Accountants

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Ahmedabad, May 29, 2010

R. V. BHIMANI

Company Secretary

Consolidated Profit and Loss Account for the year ended 31st March, 2010

	Schedule	Rs. in Crores 2009-10	Rs. in Crores 2008-09
INCOME :			
Sales and Operating Income	10	3279.51	2744.97
Other Income	11	21.46	49.07
		3300.97	2794.04
EXPENSES :			
Raw Materials Consumed		1202.86	846.21
Purchase of Finished goods		289.67	258.71
Employees' Emoluments	12	341.67	306.42
Others	13	1038.66	1071.74
Interest and Finance Costs (Net)	14	211.69	290.65
Depreciation	5	172.70	160.55
Exceptional Items (Net)	15	0.00	11.53
(Increase) in Stocks	16	(3.43)	(47.87)
		3253.82	2897.94
Profit/(Loss) before Taxes for the year		47.15	(103.90)
Less : Current Tax		14.99	4.12
Less : Deferred Tax		(12.19)	0.68
Less : Fringe Benefit Tax		0.01	2.45
Add : MAT Credit Entitlement		(8.77)	0.00
Profit/(Loss) for the year		53.11	(111.15)
Add : Excess Provision for Taxation written back		0.09	0.79
Add : Prior Period Income/(Expense)	17	(0.14)	0.95
Profit/(Loss) before Minority Interest		53.06	(109.41)
Less : Share of Minority Interest		3.11	(9.99)
		49.95	(99.42)
Balance as per last year's Balance Sheet		54.40	265.31
Less : Adjustment on account of Consolidation/Demerger		(1.37)	(4.94)
Net Balance		53.03	260.37
Interim Dividend Paid on Preference Shares		(0.76)	(1.68)
Tax on Interim Dividend		(0.13)	(0.29)
Transitional Provision on adoption of AS-30		0.00	(80.10)
Transitional Provision on exercise of option of AS-11		0.00	(11.40)
Tax on Proposed Dividend		(0.06)	0.00
Transferred to Capital Reserve - Pre-acquisition Profit		(0.51)	(0.03)
Transferred to Capital Redemption Reserve		(19.80)	(13.20)
Transferred from Debenture Redemption Reserve		1.20	0.15
		82.92	54.40
Balance carried to Balance Sheet		82.92	54.40
Earning Per Share Rs. (Face Value of Rs. 10/-) (Note No. 26)			
- Basic		2.18	(4.63)
- Diluted		1.99	(3.89)
Notes Forming Part of Accounts	18		

As per our report attached
For **SORAB S. ENGINEER & CO.**
Firm Registration No. 110417W
Chartered Accountants

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Ahmedabad, May 29, 2010

R. V. BHIMANI

Company Secretary

Consolidated Cash Flow Statement for the year ended on 31st March, 2010

	Rs. in Crores 2009-2010	Rs. in Crores 2008-2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before extraordinary items	47.15	(103.90)
Adjustments for:		
Depreciation/Impairment	172.70	160.55
Retrenchment Compensation under VRS	(0.13)	(12.10)
Preliminary Expenses	0.12	(0.11)
Exceptional Items	0.00	11.53
Interest Income	(22.26)	(30.47)
Interest and Lease Rent Expenses	232.56	235.45
Income from Investments	(0.19)	(0.19)
Exchange Rate Difference	(15.51)	70.23
Loss on Derivatives - Transitional Provision of AS 30	0.00	(89.22)
Profit on Sale of Investments	0.00	(19.85)
Bad Debts/ Advances Written Off	0.23	1.66
Sundry Debit/(Credit) Written Off	(0.57)	1.22
Fixed Assets Written Off	0.30	0.22
Provision for Doubtful debts	0.00	1.49
Prior Period Income/ (Expense)	(0.14)	0.95
Excise Duty	(6.51)	0.00
Profit on Sale of Fixed Assets	(9.81)	(20.50)
	<u>350.79</u>	<u>310.86</u>
Operating Profit before Working Capital Changes	397.94	206.96
Working Capital Changes:		
Changes in Inventories	(67.49)	(5.63)
Changes in Trade and Other Receivables	(115.83)	92.77
Changes in Current Liabilities	259.59	44.57
Net Changes in Working Capital	76.27	131.71
Cash Generated From Operations	474.21	338.67
Advance Tax and Fringe Benefit Tax Paid (Net of Income Tax Refund)	(16.46)	(9.88)
Net Cash from Operating Activities	457.75	328.79
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(165.09)	(134.25)
Sale Proceeds from Fixed Assets	35.96	36.67
Changes in Investments	(25.44)	24.37
Changes in Loans and Advances	4.71	(21.62)
Income from Investments	0.19	0.19
Interest Income	22.23	30.21
Net Cash Flow from Investing Activities	(127.44)	(64.43)
C. Cash Flow from Financing Activities		
Issue of Equity Shares	13.00	0.00
Redemption of Preference Share Capital	(19.80)	(13.20)
Share Premium Received	6.50	0.00
Issue of Warrants	7.57	0.00
Unclaimed Dividend	0.00	(0.01)
Interim Dividend on Preference Shares	(0.76)	(1.68)
Tax on Interim Dividend	(0.13)	(0.29)
Change in Borrowings	(83.89)	2.14
Interest and Lease Rent Paid	(232.86)	(235.58)
Net Cash Flow from Financing Activities	(310.37)	(248.62)
Net Increase/(Decrease) in Cash and Cash Equivalents	19.94	15.74
Cash and Cash Equivalent at the beginning of the Period	39.66	23.41
Adjustment due to Consolidation	0.05	0.51
	<u>39.71</u>	<u>23.92</u>
Cash and Cash Equivalent at the end of the Period	59.65	39.66

Notes to Cash Flow Statement (Refer Schedule 18, Note 22)

As per our report attached
For **SORAB S. ENGINEER & CO.**
Firm Registration No. 110417W
Chartered Accountants

SANJAY S. LALBHAI

Chairman & Managing Director

JAYESH K. SHAH

Director & Chief Financial Officer

CA. N. D. ANKLESARIA

Partner

Ahmedabad, May 29, 2009

R. V. BHIMANI

Company Secretary

SCHEDULES forming part of Consolidated Accounts

	Rs. in Crores As at 31.03.2010	Rs. in Crores As at 31.03.2009
SCHEDULE '1': SHARE CAPITAL		
AUTHORISED		
36,00,00,000 Equity Shares (Previous Year 36,00,00,000) of Rs.10/- each	360.00	360.00
90,00,000 Preference Shares (Previous Year 90,00,000) of Rs.100/- each	90.00	90.00
	450.00	450.00
ISSUED AND SUBSCRIBED		
EQUITY SHARES		
23,19,78,441 Equity Shares (Previous Year 21,89,78,441) of Rs.10/- each	231.98	218.98
PREFERENCE SHARES		
69,50,000 6% Redeemable Cumulative Non Convertible Preference Shares (Previous Year 69,50,000) of Rs. 100/- each	69.50	69.50
	301.48	288.48
PAID UP (Note No. 7)		
EQUITY SHARES		
23,19,77,541 Equity Shares (Previous Year 21,89,77,541) of Rs.10/- each fully paid-up Add : 900 Shares Forfeited [[Paid-up amount of Rs. 4,500/- (Previous Year Rs. 4,500/-) on forfeited shares]] [[Of the above shares 39,44,950 Equity shares have been allotted as fully paid Bonus Shares (Previous Year 39,44,950 Equity Shares) by way of capitalisation of Reserves and 16,12,268 Equity shares (Previous Year 16,12,268 Equity shares) allotted as fully paid in terms of scheme of Amalgamation without payment being received in cash.]]	231.98	218.98
WARRANTS		
2,02,00,000 Warrants of Rs. 15/- each, Paid-up Rs.3.75 each (Previous Year 4,10,00,000 Warrants of Rs. 52/-each, Paid up Rs. 5.20 each)	7.57	21.32
PREFERENCE SHARES		
NIL 6% Redeemable Cumulative Non-Convertible Preference Shares (Previous Year 66,00,000) of Rs. 100/- each	0.00	19.80
	239.55	260.10
SCHEDULE '2': RESERVES AND SURPLUS		
CAPITAL RESERVE		
As per last Balance Sheet	8.08	6.77
Add : Addition during the year (Note No. 7)	21.32	0.00
Add : Adjustment on account of consolidation	0.51	1.31
	29.91	8.08
CAPITAL RESERVE ON CONSOLIDATION		
As per Last Balance Sheet	27.50	26.62
Add : Adjustment on account of consolidation	0.00	0.88
	27.50	27.50
FOREIGN CURRENCY TRANSLATION RESERVE		
As per Last Balance Sheet	(0.86)	(0.48)
Less : Adjustment on account of consolidation	0.36	(0.38)
	(0.50)	(0.86)

SCHEDULES forming part of Consolidated Accounts

	Rs. in Crores As at 31.03.2010	Rs. in Crores As at 31.03.2009
SCHEDULE '2' : RESERVES AND SURPLUS (Contd.)		
CAPITAL REDEMPTION RESERVE		
As per Last Balance Sheet	49.70	36.50
Add : Transferred from Profit and Loss Account	19.80	13.20
	<u>69.50</u>	<u>49.70</u>
SHARE PREMIUM ACCOUNT		
As per last Balance Sheet	751.52	751.52
Add : Received during the year	6.50	0.00
Less : Utilised during the year (Note No. 15)	37.48	0.00
	<u>720.54</u>	<u>751.52</u>
DEBENTURE REDEMPTION RESERVE		
As per last Balance Sheet	2.10	2.25
Less : Transferred to Profit and Loss Account	1.20	0.15
	<u>0.90</u>	<u>2.10</u>
REVALUATION RESERVE		
As per last Balance Sheet	24.52	24.52
Add : Addition during the year (Note No. 12)	56.15	0.00
	<u>80.67</u>	<u>24.52</u>
HEDGE RESERVE (Note No. 16)		
As per last Balance Sheet	(106.41)	0.00
Add : Addition during the year	139.70	(106.41)
	<u>33.29</u>	<u>(106.41)</u>
INVESTMENT REVALUATION RESERVE (Note No. 16)		
As per last Balance Sheet	(4.11)	0.00
Add : Addition during the year	2.46	(4.11)
	<u>(1.65)</u>	<u>(4.11)</u>
BALANCE IN PROFIT AND LOSS ACCOUNT		
	82.92	54.40
	<u>1043.08</u>	<u>806.44</u>
SCHEDULE '3' : SECURED LOANS		
DEBENTURES		
Add : Funded Interest	0.90	2.10
	0.00	1.03
	<u>0.90</u>	<u>3.13</u>
FROM BANKS		
Cash Credit and other facilities	917.30	854.79
Term Loans	856.74	1038.37
	<u>1774.04</u>	<u>1893.16</u>
FROM FINANCIAL INSTITUTIONS AND OTHERS		
	244.83	261.52
	<u>244.83</u>	<u>261.52</u>
	<u>2019.77</u>	<u>2157.81</u>
SCHEDULE '4' : UNSECURED LOANS		
FROM BANKS		
Term Loan	39.44	77.74
Other Facilities	73.38	37.21
FROM FINANCIAL INSTITUTIONS AND OTHERS		
	6.49	8.98
DEFERRED ELECTRICITY DUTY		
	27.85	27.80
INTER CORPORATE DEPOSIT		
	35.56	0.10
Out of above Rs. 161.52 Crores (Rs. 76.85 Crores) is payable within one Year	<u>182.72</u>	<u>151.83</u>

SCHEDULES Forming Part of Consolidated Accounts

Rs. in Crores

SCHEDULE '5' : FIXED ASSETS

Assets	GROSS BLOCK		As on 31.03.2010	DEPRECIATION		NET BLOCK	
	As on 01.04.2009	Adjustment due to Revaluation		As on 01.04.2009	Adjustment due to Revaluation Consolidation	As on 31.03.2010	As on 31.03.2009
Intangibles Assets							
Goodwill on Consolidation	50.65	0.00	50.65	0.00	0.00	50.65	50.65
Goodwill	326.80	(326.80)	0.00	0.00	0.00	0.00	326.80
Patents and Technical Know-how	2.45	(2.45)	0.49	2.45	(2.45)	0.45	0.00
Brand Value and License Brands	0.00	0.00	83.13	0.00	0.00	79.93	0.00
Computer Software	19.39	(1.10)	21.20	15.64	0.00	3.30	3.75
Vendor Network	0.00	0.00	6.27	0.00	0.00	5.02	0.00
Job work Network	0.00	0.00	1.73	0.00	0.00	1.38	0.00
Tangible Assets							
Freehold Land	356.80	321.96	680.47	0.00	0.00	680.47	356.80
Leasehold Land	198.43	41.08	239.51	0.00	0.00	239.51	198.43
Buildings	594.95	14.25	618.86	128.23	(5.46)	477.78	466.42
Machineries	1958.47	34.78	1970.13	1087.80	(19.96)	774.74	856.73
Machineries acquired on Finance Lease	1.66	0.00	1.66	0.00	0.00	1.39	1.66
Motor Vehicles	12.44	0.00	12.54	6.23	(0.01)	6.29	6.21
Office Machinery, Leasehold Improvements and Deadstocks	159.63	(5.87)	149.37	38.98	(15.02)	110.30	120.65
Total	3681.37	75.85	3836.01	1279.33	(35.59)	2431.21	2388.10
Previous Year	3509.47	0.00	3667.43	1136.32	(1.84)	57.88	85.51
Capital Work-in-Progress including advance for capital expenditure				0.00	160.60	2489.09	2473.61

Notes:

- Freehold Land includes various lands of Rs. 7.87 Crores (Rs. Nil) which are pending for registration in favour of the Company.
- Buildings includes Rs. 0.79 Crores (Rs. 1.18 Crore) in respect of ownership flats in Co-Operative Housing Society and (Rs. 500/-) (Previous Year Rs. 2,500/-) in respect of shares held in Co-operative Housing Society.
- Gross block includes Rs. 56.15 Crores (Rs. 24.52 Crores) being the amount added on revaluation as at 1st April, 2009 and credited to revaluation reserve.
- Machineries balance of Rs. 1,958.47 Crores includes addition of Rs. 13.94 Crores before revaluation.
- Deduction of Gross Block includes Rs. 6.15 Crores on account of exchange rate difference capitalised during the year (Previous Year Rs. 21.43 Crores included in Addition).
- Deduction of Gross Block includes Capital Subsidy of Rs. 4.69 Crores (Rs. Nil) received during the year.
- Out of current year depreciation, an amount of (Rs. 4,306/-) (Rs. 0.05 Crore) has been capitalised during the year.

SCHEDULES forming part of Consolidated Accounts

	Rs. in Crores As at 31.03.2010	Rs. in Crores As at 31.03.2009
SCHEDULE '6' : INVESTMENTS*		
A. NON TRADE INVESTMENTS - (UNQUOTED) (HELD-TO-MATURITY)		
GOVERNMENT SECURITIES (UNQUOTED)	0.02	0.01
B. TRADE INVESTMENTS (AVAILABLE FOR SALE)		
i. Fully Paid Equity Shares (Quoted)	5.28	2.83
ii. Fully Paid Equity Shares (Unquoted)	9.88	3.89
iii. OTHER INVESTMENTS		
Fully Paid Equity Shares (Unquoted)	22.00	0.00
C. INVESTMENTS IN SUBSIDIARY COMPANIES (Note No. 3)		
Fully Paid Equity Shares (Unquoted)	34.05	34.05
D. INVESTMENT IN PARTNERSHIP FIRM***	5.03	0.00
E. SHARE APPLICATION MONEY	1.18	1.18
	77.44	41.96
Less : Provision for diminution in value of Investment	33.71	(33.71)
	43.73	8.25
Note:		
* Previously classified as Long Term Investments and valued at Cost unless otherwise stated.		
** Valued at lower of cost or market value		
*** The financial statements of partnership firm are under compilation and therefore the balance of capital account disclosed above is subject to change		
SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
Inventories		
Stores and Spares	50.18	36.99
Fuel	2.19	2.00
Stock-in-trade		
Raw materials	148.54	115.39
Finished Goods	136.69	169.82
Finished Goods (Traded)	136.51	121.99
Goods in Transit	8.14	3.35
Work-in-Progress	288.95	283.15
Project Work-in-Progress	27.95	0.00
Waste	2.08	1.05
	748.86	694.75
	801.23	733.74
Sundry Debtors (Unsecured)		
Outstanding for a period exceeding six months		
Considered good	26.33	34.16
Considered doubtful	2.86	4.40
Less: Provision	2.86	4.40
	0.00	0.00
	26.33	34.16
Others (Considered good)	399.59	247.49
	425.92	281.65

SCHEDULES forming part of Consolidated Accounts

SCHEDULE '7' : CURRENT ASSETS, LOANS AND ADVANCES (Contd.)

Cash and Bank Balances

Cash on hand	1.52	0.67
Cheques on hand	1.10	0.10

Bank Balances

With Scheduled Banks in India

In Current Accounts (including Rs. 0.33 Crore in unpaid dividend accounts) (Rs. 0.33 Crore)	31.32	15.05
In Exchange Earners Foreign Currency A/c	0.08	0.65
In Cash Credit Account	9.82	10.13
In Savings Account	(Rs. 42,732/-)	(Rs. 42,732/-)
In Fixed Deposit Accounts (Rs. 10.72 Crores lodged with Bank as Security for Guarantee Facility and Rs. 0.01 Crore lodged with Court for ESI case (Rs. 1.48 Crores and Rs. 0.07 Crore respectively)	15.70	8.71

With Banks outside India

(In books of foreign subsidiaries)	0.11	4.35
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57.03	38.89
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59.65	39.66
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Other Current Assets

Interest accrued	0.36	0.33
Other receivables	103.52	53.30
	103.88	53.63

LOANS AND ADVANCES (Unsecured, considered good unless stated Otherwise)

Loans and Advances

Advances Receivable in Cash or kind	200.53	298.72
MAT Credit Entitlement Receivable	34.88	26.27
Other Loans	45.90	50.61
	281.31	375.60
Considered Doubtful	1.14	1.36
Less : Provision	1.14	1.36
	0.00	0.00

Loans and advances to Subsidiary Companies

Considered Doubtful	7.91	7.91
Less : Provision	7.91	7.91

0.00	0.00
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Advance Tax paid (Net of Tax Provision)	4.68	2.97
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285.99	378.57
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1676.67	1487.25
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SCHEDULES forming part of Consolidated Accounts

	Rs. in Crores As at 31.03.2010	Rs. in Crores As at 31.03.2009
SCHEDULE '8': CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Acceptances	15.73	32.94
Sundry Creditors		
- Due to Micro and Small Enterprises (Note No. 20)	0.00	0.00
- Others	526.45	314.45
Other Liabilities (Note No. 10)	140.68	86.55
Interest accrued but not due on loans	1.41	1.69
Investor Education and Protection Fund shall be credited by the following amounts namely: @		
- Unpaid Dividend	0.33	0.33
- Unpaid Matured Deposits	0.00	(Rs. 5,000/-)
- Unpaid Matured Debentures	0.23	0.24
- Interest on Deposits	0.06	0.06
- Interest on Debentures	0.19	0.21
	<u>0.81</u>	<u>0.84</u>
	<u>685.08</u>	<u>436.47</u>
Provisions		
Fair Valuation Loss on Derivative Contracts	0.00	122.49
Tax on Dividend	0.06	0.00
Pension	0.45	0.52
Gratuity	2.30	2.55
Superannuation	0.10	1.50
Leave Encashment	6.62	6.72
Others	1.19	3.04
	<u>10.72</u>	<u>136.82</u>
	<u>695.80</u>	<u>573.29</u>
@ No amount is due as on 31st March, 2010 for credit to Investor Education and Protection Fund (Fund). The actual amount to be transferred to the fund in this respect will be determined on the respective due dates.		
SCHEDULE '9': MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Preliminary Expenses	0.00	0.11
Retrenchment Compensation under VRS	10.07	9.50
Add : Addition during the year	0.13	9.06
Less : Written off during the year	0.00	8.49
Less : Adjusted during the year (Note No. 15)	10.20	0.00
	<u>0.00</u>	<u>10.18</u>

SCHEDULES forming part of Consolidated Accounts

SCHEDULE '10': SALES AND OPERATING INCOME

Sales
Less : Excise Duty /VAT
Processing Income (Income Tax deducted Rs. 0.78 Crore Previous Year Rs. 0.64 Crore)
Other Operating Income (Income Tax deducted Rs. 0.80 Crore Previous Year Rs. 0.75 Crore)
Gain/(Loss) on Forward Contracts

SCHEDULE '11': OTHER INCOME

Income from investments
From Trade Investments
Other Income (Income Tax deducted Rs. 0.28 Crore Previous Year Rs. 0.10 Crore)
Rent (Income Tax deducted Rs. 0.21 Crore Previous Year Rs. 0.20 Crore)
Profit on Sale of Investments
Profit on Sale of Fixed Assets
Excess Provision No Longer required (Net)

SCHEDULE '12': EMPLOYEES' EMOLUMENTS

Salaries, Wages, Bonus and Gratuity
Contribution to Provident Fund and Other Funds
Welfare expenses
Directors' Remuneration
Directors' Commission

SCHEDULE '13': OTHERS

Power and Fuel
Stores consumed
Processing charges
Repairs
Building repairs
Machinery repairs
Other repairs
Printing, Stationery and Communication
Insurance premium
Rates & Taxes
Excise duty
Rent
Commission, Brokerage and Discount
Royalty on Sales
Advertisement expenses
Freight, Insurance and Clearing Charges
Miscellaneous Labour Charges
Provision for doubtful debt/Advances
Bad Debts/Advances Written Off
Fixed Assets Written Off
Directors fees
Other expenses

Rs. in crores 2009-10	Rs. in crores 2008-09
3252.67	2720.46
27.10	10.63
3225.57	2709.83
14.73	15.44
27.11	42.68
12.10	(22.98)
3279.51	2744.97
0.19	0.19
9.70	1.71
0.61	0.61
0.00	19.85
9.81	20.50
1.15	6.21
21.46	49.07
302.53	266.81
28.30	33.24
7.25	5.25
338.08	305.30
3.42	1.12
0.17	0.00
3.59	1.12
341.67	306.42
250.59	315.57
253.08	244.00
83.71	65.84
2.74	2.25
48.73	45.02
13.75	12.42
65.22	59.69
9.84	9.75
6.15	4.71
8.94	11.12
0.15	0.18
64.89	67.08
69.92	82.71
12.58	8.46
35.91	29.82
36.09	34.70
48.07	40.27
0.00	1.49
0.23	1.66
0.30	0.22
0.06	0.06
92.93	94.41
1038.66	1071.74

SCHEDULES forming part of Consolidated Accounts

	Rs. in crores 2009-10	Rs. in crores 2008-09
SCHEDULE '14': INTEREST AND FINANCE COSTS (NET)		
Interest		
On loans for a fixed period	149.86	150.82
Others	73.36	76.68
	223.22	227.50
Less : Interest Income		
Interest from others	22.26	30.47
(Income Tax deducted Rs. 2.11 Crores Previous Year Rs. 0.76 Crore)		
Net Interest Expenses	200.96	197.03
Other Finance Cost	34.25	29.81
Exchange Rate Difference	(23.52)	63.81
	211.69	290.65
SCHEDULE '15': EXCEPTIONAL ITEMS		
Expenditure incurred under VRS		
- Retrenchment Compensation written off	0.00	8.49
- Gratuity and Leave Encashment Paid	0.00	3.04
	0.00	11.53
SCHEDULE '16': (INCREASE)/DECREASE IN STOCKS		
Finished goods, Work-in-progress and Waste		
Closing Stocks	428.84	454.02
Opening Stocks	454.02	394.87
Add/(Less) : Adjustment on account of consolidation/Demerger	(28.60)	11.32
	425.42	406.19
	(3.42)	(47.83)
Excise Duty in Value of Stocks - Increase/(Decrease)	(0.01)	(0.04)
(Increase)/Decrease in Stock	(3.43)	(47.87)
SCHEDULE '17': PRIOR PERIOD INCOME/(EXPENSE)		
Interest Expense Adjustments	0.00	0.95
Other Expense relating to earlier year	(0.14)	0.00
	(0.14)	0.95

SCHEDULES forming part of Consolidated Accounts

SCHEDULE '18' : NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

1. BASIS OF CONSOLIDATION

Basis

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

Principles

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

- (vi) The Company's interest in the Joint Venture has been consolidated on line to line basis by adding together the value of assets, liabilities, income and expenses, after eliminating the unrealised profits/losses of intra group transactions. Joint Venture accounts have been included in segment to which they relate.

2. 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 31 st March, 2010
1	Asman Investments Limited	India	95.63%
2	Arvind Products Limited	India	53.66%
3	The Anup Engineering Limited	India	88.24%
4	Arvind Worldwide Inc.	USA	100%
5	Arvind Worldwide (M) Inc.	Mauritius	100%
6	Arvind Retail Limited	India	100%
7	Arvind Lifestyle Brands Limited	India	100%
8	Arvind Accel Limited	India	100%
9	Syntel Telecom Limited	India	100%
10	Arvind Infrastructure Limited (with effect from 1st July, 2009)	India	100%
11	Silverstone Properties Limited (with effect from 1st July, 2009)	India	100%

3. THE LIST OF SUBSIDIARIES NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS ARE AS UNDER :

Sr. No.	Name of subsidiary	Country of incorporation	Proportion of ownership as on 31 st March, 2010
1	Arvind Overseas (Mauritius) Limited	Mauritius	100%
2	Arvind Spinning Limited	Mauritius	100%
3	Arvind Textile Mills Limited	Bangladesh	100%

Notes:

- During the year, Lifestyle Fabrics Limited has ceased to be a Subsidiary of the Company.
- Arvind Overseas (Mauritius) Limited and Arvind Spinning Limited have closed their business and disposed off entire undertaking, and ceased to operate as going concern basis.
- Arvind Textile Mills Limited has yet not commenced business operations.

In view of above, such subsidiaries have been excluded from consolidation as there are no material economic resources or obligations to be disclosed in case of such companies. Investments in such subsidiaries are classified and valued as per Accounting standard 30 – "Financial Instruments: Measurement and Recognition" issued by the Institute of Chartered Accountants of India.

4. THE FOLLOWING JOINT VENTURE ENTITIES HAVE BEEN INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS :

Sr. No.	Name of Joint Venture	Country of incorporation	Proportion of ownership as on 31 st March, 2010
1	Arya Omnitalk Wireless Solutions Limited	India	50%
2	Arvind Murjani Brands Private Limited	India	50%
3	VF Arvind Brands Private Limited	India	40%

5. SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) REVENUE RECOGNITION

- (A.1) Sales and operating income includes sale of products, by-products and waste, income from job work services and gain or loss on forward contracts. Sales are recognised based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognised on shipment basis. Sales are stated net of returns, excise duty and 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 profit and loss account.
- (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) 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 AND 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) Exchange rate gain or loss on foreign currency loans related to acquisition of depreciable assets are being capitalised as per the notification dated 31st March, 2009 issued by Ministry of Corporate Affairs, New Delhi.
- (C.3) 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.4) Additions to fixed assets have been stated at cost net of CENVAT wherever applicable.

- (C.5) Directly identifiable pre-operative expenses of new projects of capital nature under implementation are carried forward under capital work-in-progress, pending capitalisation.
- (C.6) 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 capitalisation except for motor vehicles where depreciation has been provided at 20/25%.
- (C.7) Depreciation on lease hold improvements in case of Branded Garment divisions has been provided at 10% and in case of Furniture given to Employees it has been provided at 18%.
- (C.8) Depreciation on impaired asset is provided on the asset's revised carrying amount, over its remaining useful life.
- (C.9) Depreciation on exchange rate difference capitalised is provided over the balance life of the assets as per the notification dated 31st March, 2009 issued by the Ministry of Corporate Affairs.
- (C.10) Individual assets costing less than Rs. 5,000/- have been fully depreciated in the year of purchase on prorata basis.
- (C.11) 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.12) Premium on Leasehold Land is amortised over the period of Lease.

Intangible Assets

- (C.13) 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.14) The Company capitalises software and related implementation costs where it is reasonably estimated that the software has an enduring useful life.
- (C.15) Job Workers' Network Value and Vendors' Network Value have been amortised on Straight Line basis over the period of five years. Value of License Brands and Brand Value have been amortised in the ratio of revenue expected to be generated from these brands over the period of ten years.
- (C.16) Software is depreciated over management estimate of its useful life of 5 years.
- (C.17) Patent/Knowhow is depreciated over its useful validity period.

(D) INVESTMENTS

For Arvind Limited

- (D.1) Investments are classified as investments in Subsidiaries, Available for Sale and Held-to-Maturity within the meaning of Accounting Standard 30 on 'Financial Instruments: Recognition and Measurement' read with the limited revision of Accounting Standard 21 on Consolidated Financial Statements.

- (D.2) Investments in subsidiaries are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.
- (D.3) Investments classified as available for sale are re-measured at subsequent reporting dates to fair value. Unrealised gains/losses on such investments are recognised directly in Investment Revaluation Reserve Account. At the time of disposal, de-recognition or impairment of the investments, cumulative gain or loss previously recognised in the investment revaluation reserve account is recognised in the profit and loss account.
- (D.4) Investments classified as held for trading that have a market price are measured at fair value and gain/loss arising on account of fair valuation is routed through profit and loss account.

For Subsidiaries and Joint Ventures

- (D.5) 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 realisable value.

(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 recognised as an impairment loss in the profit and loss account.

(F) FOREIGN CURRENCY TRANSACTIONS

- (F.1) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- (F.2) Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- (F.3) Non-monetary foreign currency items are carried at cost.
- (F.4) All long-term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the year have been restated at the rate prevailing at the balance sheet date. The difference arising as a result has been added to or deducted from the cost of the assets as per the notification issued by the Ministry of Corporate Affairs dated 31st March, 2009. Exchange rate difference on other long-term foreign currency loans is carried to 'Foreign Currency Monetary Item Translation Difference Account' to be amortised up to the period of loan or up to 31st March, 2011 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 (H.4) above is recognised in the profit and loss account.
- (F.6) Expenses of overseas offices are translated and accounted at the monthly average rate.

(G) DERIVATIVES AND 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 profit and loss account in the periods when the hedged item is recognised in the profit and loss account 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 profit and loss account 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 net 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 Profit and Loss Account as income or expense.

(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 profit and loss account for the year in which it is incurred except for borrowing costs attributed to the acquisition/improvement of qualifying assets up to the date when such assets are ready for intended use are capitalised as a part of the cost of such asset.

For Subsidiaries and Joint Ventures

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

(J) LEASE ACCOUNTING

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

(K) TAXES ON INCOME

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

(K.4) Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(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.

6. CONTINGENT LIABILITIES

- Bills discounted Rs. 72.63 Crores (Rs. 74.58 Crores).
- Guarantees given by the Banks on behalf of the Company Rs. 45.65 Crores (Rs. 25.17 Crores).
- Guarantees given by the Company on behalf of other Companies Rs. 133.84 Crores (Rs.127.93 Crores).
- Income Tax demands, Excise/ Customs Duty demands, Sales Tax demands and Service Tax Demands Rs. 6.25 Crores (Rs.6.34 Crores), Rs. 28.26 Crores (Rs. 35.18 Crores), Rs. 16.08 Crores (Rs.15.95 Crores) and Rs. 1.06 Crores (Rs. 0.58 Crore) respectively.
- Other demands in dispute Rs. 30.61 Crores (Rs. 10.67 Crores).
- Dividend on redeemable cumulative non-convertible preference shares Rs. Nil (Rs.0.74 Crore).

7. (a) EQUITY SHARES AND WARRANTS

- The Promoters/Promoter Group have not exercised the right for conversion of 4,10,00,000 warrants into Equity Shares within the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand forfeited and paid up amount of Rs. 21.32 Crores on such warrants has been transferred to Capital Reserve.
- In the Extra Ordinary General Meeting of the Company held on 12th May, 2009, the shareholders have approved the preferential allotment of 3,32,00,000 warrants to Promoters/Promoter Group at an issue price of Rs. 15/- which are convertible into 3,32,00,000 equity shares of Rs. 10/- each at a premium of Rs. 5/- at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment in one or more branches and;
- The Promoters/Promoter Group have exercised the right for conversion of 1,30,00,000 warrants into Equity Shares within the stipulated period of 18 months from the date of allotment. Accordingly, the said warrants stand converted into 1,30,00,000 Equity Shares of Rs. 10/- each at a premium of Rs. 5/- per share.

(b) PREFERENCE SHARES:

Preference Shares issued in accordance with the Restructuring Scheme of the Company:

Redeemable cumulative non-convertible Preference Shares	Redemption period	Quarterly Installments (% of Principal)
66,00,000 – 6% Preference shares of Rs.100/- each. (Previous year 66,00,000 – 6% Preference shares of Rs.100/- each)	30.06.2004 to 31.03.2005	5%
	30.06.2005 to 31.03.2006	10%
	30.06.2006 to 31.03.2007	15%
	30.06.2007 to 31.03.2008	20%
	30.06.2008 to 31.03.2009	20%
	30.06.2009 to 31.03.2010	30%

Note: 30% of Principal amount was redeemed and paid during the year. Accordingly, the said preference shares stand fully redeemed.

- The estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 23.39 Crores (Rs. 18.06 Crores).
- During the year, the Company has capitalised the borrowing cost of Rs. Nil (Rs. 0.74 Crore).
- Other Liabilities include Rs. 3.43 Crores (Rs. 3.22 Crores) on account of book overdraft.
- Current Assets includes Rs. 0.01 Crore (Previous Year Rs. 0.01 Crore) due from subsidiary companies.

12. REVALUATION OF FIXED ASSETS

The Company has revalued the entire fixed assets block including goodwill with effect from 1st April, 2009 based on a valuation made by an approved valuer. The resultant increase in the gross block and accumulated depreciation amounting to Rs. 75.85 Crores and Rs.19.70 Crores respectively have been adjusted in the carrying value of respective asset class as on 1st April, 2009. The net increase of Rs. 56.15 Crores in the net book value of the entire block of fixed assets has been credited to Revaluation Reserve. However, the Company has given effect of revaluation in the accounts only in the last quarter.

Had the revaluation not been carried out, the depreciation for the year would have been higher by Rs. 1.72 Crores and the profit for the year would have been lower to the same extent.

13. IMPAIRMENT OF FIXED ASSETS

In accordance with the Accounting Standard (AS-28) on 'Impairment of Assets' notified by Companies (Accounting Standards) Rules, 2006, during the year 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.

14. SCHEME OF ARRANGEMENT

1. A Scheme of Arrangement (herein after referred to as "the Scheme") under Sections 391 to 394 read with other relevant sections of the Companies Act, 1956 was approved by the shareholders of the Company on 1st November, 2007 for demerger and transfer of Public Mobile Radio Trunking Services Business Division ("PMRTS") of Arvind Limited ("the Company") into Arya Omnitalk Radio Trunking Services Private Limited ("AORTSPL");
2. The Scheme was sanctioned by the High Court of Gujarat at Ahmedabad on 16th May, 2008 and by the High Court of Bombay on 22nd August, 2008 and has been declared effective from 1st April, 2007 referred to as the appointed date.
3. Pursuant to the Scheme:
 - PMRTS of the Company stands demerged from the Company and transferred to and vested in the AORTSPL as a going concern with effect from 1st April, 2007 (the appointed date);
 - PMRTS means the entire Undertaking classified as PMRTS of the Company carrying on the business of providing public mobile radio trunking services among other activities along with all operating licenses issued by Department of Telecommunication ("DOT") of Government of India, all liabilities contingent or otherwise pertaining to or relating to the undertaking as appearing in the books of accounts which arise out of the activities or operations of the undertaking;
 - In consideration of demerger of PMRTS from the Company and consequent transfer and vesting of PMRTS into AORTSPL, the AORTSPL has paid Rs. 6 Crores to the Company.
 - Upon the Scheme becoming effective, the accounts representing assets and liabilities of PMRTS in the books of the Company have been closed on transfer to AORTSPL.
 - From the appointed date up to the date on which the scheme is effective, PMRTS was held in trust for and on account of AORTSPL.
 - Effect of the Scheme has been given in the current year as the permission to transfer the DOT License was received from the Government of India during the year and profit of PMRTS from 1st April, 2007 to 31st March, 2009 of Rs. 0.43 Crore has been transferred to AORTSPL.

15. REDUCTION OF CAPITAL

A Scheme of Reduction of Capital (herein after referred to as "the Scheme") under Sections 78, 100 to 103 read with other relevant sections of the Companies Act, 1956 was approved by the shareholders of the Company on 25th September, 2009 and sanctioned by the High Court of Gujarat at Ahmedabad on 15th December, 2009.

Pursuant to the Scheme, the balance in Share Premium account has been utilised to the extent of Rs. 37.48 Crores (out of permitted utilisation of Rs. 60 Crores). The details are as under:

Sr.	Particulars	Amount Rs. in Crores	Effect on Profit for the year had the scheme not prescribed this accounting treatment
i	Write off of Balance in Retrenchment Compensation not amortised	10.20	To the same extent
ii	Forex Loss written off	11.80	To the same extent
iii	Additional charge on unpaid Electricity Duty	6.58	To the same extent
iv	Disputed CENVAT Credit written off	6.51	To the same extent
v	Unsettled Claim written off	1.93	To the same extent
vi	Project Expenses written off	0.46	To the same extent
	Total	37.48	

16. EARLY ADOPTION OF AS 30, FINANCIAL INSTRUMENTS : RECOGNITION AND MEASUREMENT

- Consequent to the Announcement of the Institute of Chartered Accountants of India (ICAI), the Company had chosen to early adopt 'Accounting Standard - 30, Financial Instruments: Recognition and Measurement' in its entirety, read with limited revisions in various other Accounting Standards, as published by ICAI with effect from 1st July, 2008. 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 amortised cost as against cost or market value whichever is lower. In the spirit of complete adoption of AS - 30, the Company had also implemented the consequential limited revisions to 'Accounting Standard - 11' on 'The Effects of Changes in Foreign Exchange Rates' and 'Accounting Standard - 13' on 'Accounting for Investments' as had been announced by the ICAI.
- As a result, as on Balance Sheet date, Investments, Secured Loans and Unsecured Loans are lower by Rs. 1.65 Crores, Rs. 1.27 Crores and Rs. 1.77 Crores respectively and Hedge Reserve account is credited by Rs. 33.29 Crores on account of fair valuation of outstanding derivatives.

17. FOREIGN EXCHANGE DIFFERENCES

- As per the notification issued by the Ministry of Corporate Affairs dated 31st March, 2009, the Company had already exercised the option for accounting of exchange rate differences with effect from 1st April, 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 amortised over the balance period of loans or up to 31st March, 2011 whichever is earlier.

As a result:

- An amount of Rs. 6.15 Crores being the exchange rate gain for the year (Previous Year Loss of Rs. 21.43 Crores) has been adjusted against the fixed assets.
- An amount of Rs. 1.06 Crores being the exchange rate gain for the year (Previous Year Loss of Rs. 6.77 Crores) remains to be amortised as at the balance sheet date.

18. DISCLOSURE IN RESPECT OF CONSTRUCTION/JOBWORK CONTRACTS

(Rs. in Crores)

Sr.	Particulars	2009-10	2008-09
1.	Amount of Contract Revenue recognised	5.28	7.84
2.	Disclosure in respect of contracts in progress at the reporting date		
	A Contract cost incurred and recognised profits less recognised losses up to the reporting date	4.33	4.14
	B Due from customers	1.35	0.72
	C Due to customers	2.72	Nil

19. (A) Factory Building, Office Premises, Plant and Machineries, Show Rooms and other facilities are taken on lease for the period of 3 months to 20 years with/without the option of renewal, no sub-lease and having an escalation clause for increase in lease rental.

The particulars of these leases are as follows:

(Rs. in Crores)

Particulars	2009-10	2008-09
Future Minimum lease payments obligation on non-cancellable operating leases:	206.20	247.29
Not later than one year	39.23	51.87
Later than one year and not later than five years	97.70	117.63
Later than five years	69.27	77.79
Lease Payment recognised in Profit & Loss Account	71.12	69.85

- (B) Rent Income includes Lease Rental received towards Building, Plant & Machineries given on operating leases which are generally for a period of 12 to 60 months 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:

(Rs. in Crores)

Particulars	2009-10	2008-09
Future Minimum lease payments under non-cancellable operating leases:	0.61	1.06
Not later than one year	0.61	0.53
Later than one year and not later than five years	0.00	0.53
Later than five years	0.00	0.00
Lease Income recognised in Profit and Loss Account	0.61	0.53

- (c) Data Processing Equipments, Vehicles, Furniture & Fixtures and Equipments have been acquired under Finance Lease for a period of 33 to 60 months with the option of renewal.

The particulars of these leases are as follows:

(Rs. in Crores)

Particulars	Minimum lease payments	Present Value of Minimum lease Payments	Interest and Other Charges not due
Future Minimum lease payments obligation:	1.10 (3.58)	1.00 (3.04)	0.10 (0.54)
Not later than one year	0.64 (1.42)	0.60 (1.20)	0.04 (0.22)
Later than one year and not later than Five years	0.46 (2.16)	0.40 (1.84)	0.06 (0.32)
Later than five years	Nil (Nil)	Nil (Nil)	Nil (Nil)

20. MICRO & SMALL ENTERPRISES DUES

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

- Amount due and outstanding to suppliers as at the end of accounting year;
- Interest paid during the year;
- Interest payable at the end of the accounting year; and
- Interest accrued and unpaid at the end of the accounting year.

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

21. AUDITORS' REMUNERATION

(Rs. in Crores)

	2009-10	2008-09
Statutory Auditors		
As Auditors	0.94	0.61
In other capacities	0.84	1.81
Travelling and Out of Pocket Expenses	0.05	0.05
Cost Auditor		
Cost Audit Fees	0.03	0.03

22. NOTES TO CASH FLOW STATEMENT

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 on Cash Flow Statements.
- Figures in bracket represent outflow of cash.
- Cash and Cash Equivalents include Rs. 10.73 Crores (Rs. 1.55 Crores) not available for use by the Company.

23. SEGMENT REPORTING

(A) PRIMARY SEGMENT (BUSINESS SEGMENT)

(Rs. in Crores)

Particulars	2009-10	2008-09
Segment Revenue		
a) Textiles	2432.22	1965.78
b) Branded Garments	730.95	679.25
c) Others	132.76	123.17
d) Unallocable	0.01	0.04
Total Segment Revenue	3295.94	2759.93
Less :Inter Segment Revenue	16.43	23.27
Net Segment Revenue	3279.51	2744.97
Segment Results		
Segment Results before Interest and Finance Cost		
a) Textiles	220.31	150.76
b) Branded Garments	21.00	(14.94)
c) Others	24.01	19.90
d) Unallocable	(6.48)	31.03
Total Segment Results	258.84	186.75
Less : Interest and Finance Cost	211.69	290.65
Profit/(Loss) from Ordinary Activities	47.15	(103.90)
Extra Ordinary Items (Net)	0.00	0.00
Profit/(Loss) before Tax	47.15	(103.90)
Other Information		
Segment Assets		
a) Textiles	2529.59	2274.89
b) Branded Garments	567.32	557.93
c) Others	150.51	108.91
d) Unallocable	962.07	1027.38
Total Assets	4209.49	3969.11
Segment Liabilities		
a) Textiles	401.06	309.37
b) Branded Garments	222.07	191.65
c) Others	51.31	34.96
d) Unallocable	34.80	62.94
Total Liabilities	709.24	598.92
Segment Depreciation/Impairment		
a) Textiles	145.15	138.97
b) Branded Garments	21.78	15.06
c) Others	1.70	1.77
d) Unallocable	4.07	4.75
Total Depreciation	172.70	160.55
Capital Expenditure		
a) Textiles	33.26	58.48
b) Branded Garments	23.16	66.27
c) Others	11.67	12.81
d) Unallocable	15.24	(4.47)
Total Capital Expenditure	83.33	133.09
Non cash expenses other than Depreciation		
a) Textiles	0.06	2.19
b) Branded Garments	0.43	2.99
c) Others	0.02	0.15
d) Unallocable	0.02	0.03
Total Non cash expenses other than Depreciation	0.53	5.36

(B) SECONDARY SEGMENT (GEOGRAPHICAL BY CUSTOMERS)

(Rs. in Crores)

Particulars	2009-10	2008-09
Segment Revenue		
a) In India	2155.58	1741.85
b) Outside India	1123.93	1003.12
Total Sales	3279.51	2744.97
Carrying Cost of Assets by location of Assets		
a) In India	4117.52	3869.59
b) Outside India	92.07	99.52
Total	4209.49	3969.11
Addition to Assets		
a) In India	83.33	133.09
b) Outside India	0.00	0.00
Total	83.33	133.09

Notes:

- The Company has disclosed business segments as the primary segment. Segments have been identified taking into account the nature of the products, differential risks and returns, the organizational structure and internal reporting system. The company's operations predominantly relate to manufacturing of textiles.
- Types of Products and Services in each business segment :
 - Textiles : Yarn, Fabric and Garments
 - Branded Garments : Branded Garments
 - Others : EPABX and RAX Systems (Electronic Division), I.T. Services and Construction business
- Inter segment Revenues are recognised at sales price.

24. RELATED PARTY DISCLOSURES

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

List of Related Parties & Relationship:

Subsidiary Companies *	Key Management Personnel
(A)	(B)
Arvind Overseas (M) Limited, Mauritius	Shri Sanjay S. Lalbhai, Chairman and Managing Director
Arvind Spinning Limited, Mauritius	Shri Jayesh K. Shah, Director & Chief Financial Officer
Arvind Textile Mills Limited, Bangladesh	Shri Punit S. Lalbhai Son of Chairman and Managing Director
	Shri Kulin S. Lalbhai, Son of Chairman and Managing Director

* Excluded for consolidation.

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

Nature of Transactions (Rs. in Crores)

	Referred in (A) Above		Referred in (B) Above	
	2009-10	2008-09	2009-10	2008-09
Expenses				
Remuneration & Other Services			3.54	1.18
Outstanding				
Receivable in respect of:				
(a) Current Assets	0.01	0.01		
(b) Loans	7.91	7.91		

(Rs. in Crores)

Name of Subsidiary	Loans and Advances in the nature of Loans	
	Closing Balance	Maximum Outstanding
Arvind Overseas (Mauritius) Limited	7.91	7.91
Arvind Textile Mills Limited	0.01	0.01
Total	7.92	7.92

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

25. DISCLOSURE IN RESPECT OF PROVISIONS

(A) PROVISION FOR DISPUTED MATTERS

The Company had made provisions for pending disputed matters in respect of Indirect Taxes like Sales Tax, Excise Duty and Customs Duty in respect of Branded Garment Divisions acquired on Amalgamation/Merger, the liability for which may arise in the future, the quantum whereof will be determined as and when the matters are disposed off.

Indirect Taxes (Rs. in Crores)

Particulars	2009-10	2008-09
Opening Balance	2.81	3.30
Add: Provision made	0.00	0.00
Less: Provision reversed	0.00	0.49
Closing Balance	2.81	2.81

(B) PROVISION FOR FAIR VALUATION LOSS ON DERIVATIVES

The Company had made provisions for fair valuation loss on Derivatives, the liability for which may arise in the future, the quantum whereof will be determined as and when the derivatives are settled/cancelled.

(Rs. in Crores)

Particulars	2009-10	2008-09
Opening Balance	122.49	12.56
Add: Provision made	(33.29)	122.49
Less: Provision reversed	122.49	12.56
Closing Balance	(33.29)	122.49

(C) PROVISION FOR CUSTOMER LOYALTY PROGRAM REWARD POINTS

The Company has made provision for redemption of customer loyalty program reward points. The summary of reward points and value for those points are given below:

Particulars	Amount Rs.
Provision made during the year	3,000,000
Closing Balance	3,000,000

26. EARNING PER SHARE (EPS)

Particulars		2009-10	2008-09
Profit/(Loss) available to Equity Shareholder	Rs. in Crores	49.06	(101.39)
Weighted average no. of Equity Shares for Basic EPS	Nos.	225191240	218977541
Weighted average no. of Equity Shares for Diluted EPS	Nos.	246687525	260635024
Nominal value of Equity Shares	Rs.	10	10
Basic Earning per Equity Share	Rs.	2.18	(4.63)
Diluted Earning per Equity Share	Rs.	1.99	(3.89)

(Rs.in Crores)

(A) Reconciliation of the profit/(loss) for the year, used for calculating Earning per Share	2009-10	2008-09
Profit/(Loss) for the year	49.95	(99.42)
Less: Dividend on redeemable cumulative non Convertible Preference Shares	0.76	1.68
Less: Tax on Preference Dividend	0.13	0.29
Profit/(Loss) available to Equity Shareholder	49.06	(101.39)

(B) Weighted average number of Equity Shares	2009-10	2008-09
No. of Shares for Basic EPS	225191240	218977541
No. of Shares for Diluted EPS after considering Potential equity shares to be converted from warrants and dilute effect of outstanding stock options	246687525	260635024

27. EMPLOYEE SHARE BASED PAYMENT

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

Scheme	ESOS 2008
Date of Grant	25th October, 2008
Number of options granted	27,50,000
Exercise Price per option	Rs. 14.65
Date of vesting	The vesting will be as under: 25% on 30th April, 2010 25% on 30th April, 2011 25% on 30th April, 2012 25% on 30th April, 2013
Exercise Period	Within 3 years from the date of respective vesting.
Method of settlement	Through allotment of one Equity Share for each option granted.

(Rs. in Crores)

- b) 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 Rs. 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 Rs. Nil.
- c) Further details of the stock option plans ESOS 2008 is as follows :

Particulars	2009-10	2008-09
Options Outstanding at start of year	27,50,000	Nil
Options Granted during the year	Nil	27,50,000
Options Lapsed during the year	1,45,000	Nil
Options Exercised during the year	Nil	Nil
Options vested but not exercised at end of year	Nil	Nil
Options not vested at end of year	26,05,000	27,50,000
Weighted Average Exercise Price per Option	Rs. 14.65	Rs. 14.65

- d) 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 – Vesting on April 30,			
	2010	2011	2012	2013
Estimated Value of Stock Options (Rs.)	6.63	7.24	8.02	8.62
Share Price at Grant Date (Rs.)	14.65	14.65	14.65	14.65
Exercise Price (Rs.)	14.65	14.65	14.65	14.65
Expected Volatility (%)	58.74%	54.53%	54.46%	53.71%
Dividend Yield Rate (%)	0.33%	0.33%	0.33%	0.33%
Expected Life of Options (in years)	3.01	4.01	5.02	6.02
Risk Free Rate of Interest (%)	7.57%	7.61%	7.65%	7.70%

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

Particulars	2009-10	2008-09
Net Profit/(Loss) After Tax as reported	49.06	(101.39)
Less : Amortisation of Compensation Cost (pro forma)	(0.76)	(0.36)
Net Profit/(Loss) considered for computing EPS (pro forma)	48.30	(101.75)
Earning Per Share - (Basic)		
- as reported	2.18	(4.63)
- pro forma	2.15	(4.65)
Earning Per Share - (Diluted)		
- as reported	1.99	(3.89)
- pro forma	1.96	(3.90)

28. DEFERRED TAX

In accordance with the mandatory Accounting Standard – 22 “Accounting for Taxes on Income” notified by Companies (Accounting Standards) Rules, 2006, the Company is accounting for deferred tax.

In compliance with provisions of Accounting Standard, during the year under review, net deferred tax liability of Rs. 12.19 Crores has been reversed. (Previous Year Rs. 0.68 Crore provided).

However, based on General Prudence, the Company has not recognised the deferred tax assets on account of accumulated business losses and unabsorbed depreciation nor written back excess deferred tax liability.

29. CAPITAL RESERVE ON CONSOLIDATION

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

30. Sundry Debtors, Sundry Creditors and Loans and Advances include certain accounts which are subject to confirmation/reconciliation, the effect of which is not ascertainable.
31. Figures less than 50,000/- which are required to be shown separately, have been shown as actual in brackets.
32. Previous year's figures are shown in brackets and are regrouped or recast wherever necessary. The figures for the current year do not include the figures of PMRTS Division of the Company which were demerged from the Company under the Schemes of Arrangement and hence are not comparable with those of the previous year.

Signatures to Schedules 1 to 18

As per our report attached
For **SORAB S. ENGINEER & CO.**
Firm Registration No. 110417W
Chartered Accountants

SANJAY S. LALBHAI
Chairman & Managing Director

CA. N. D. ANKLESARIA
Partner

JAYESH K. SHAH
Director & Chief Financial Officer

Ahmedabad
29th May, 2010

R. V. BHIMANI
Company Secretary

Financial Statements – Year Ended March 31, 2010

Dear Shareholder

The Board of Directors is pleased to present the financial statements of **The Arvind Overseas (Mauritius) Limited** for the year ended March 31, 2010, the contents of which are listed below:

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

This report was approved by the Board of Directors on June 30, 2010.

SANJAY S. LALBHAI

Director

SAMVEG A. LALBHAI

Director

Report of the Auditors to the Members

We have audited the financial statements of **The Arvind Overseas (Mauritius) Limited** set out on pages 80 to 82.

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

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

In our opinion, the financial statements, which has been prepared under the **break up basis**, gives a true and fair view of the state of affairs of the Company as at March 31, 2010 and of its loss for the year then ended.

BDO DE CHAZAL DU MEE

Chartered Accountants

Port Louis,

Mauritius.

Date: June 30, 2010

Balance Sheet - March 31, 2010

	Notes	2010		2009	
		Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs**
ASSETS					
Current assets					
Cash and cash equivalents		1,729,308	25.80	1,536,422	24.57
Total assets		1,729,308	25.80	1,536,422	24.57
EQUITY AND LIABILITIES					
Capital and deficit					
Share capital	3	238,517,100	3,557.95	238,517,100	3,814.60
Revenue deficit		(236,787,792)	(3,532.15)	(236,980,678)	(3,790.03)
Equityholders' interest		1,729,308	25.80	1,536,422	24.57

These financial statements have been approved for issue by the Board of Directors on: June 30, 2010.

SANJAY S. LALBHAI
DIRECTOR

SAMVEG A. LALBHAI
DIRECTOR

The notes on page 82 form an integral part of these financial statements.
Auditors' report on page 79.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2010 (1 Mau Rs.= 1.4917)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2009 (1 Mau Rs.= 1.5993)

Income Statement - Year Ended March 31, 2010

	Notes	2010		2009	
		Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs*
Administrative expenses		(3,684)	(0.05)	(25,346)	(0.41)
Finance Costs	4	196,570	2.93	(170,191)	(2.72)
Profit/(Loss) for the year		192,886	2.88	(195,537)	(3.13)

These financial statements have been approved for issue by the Board of Directors on: June 30, 2010.

SANJAY S. LALBHAI
DIRECTOR

SAMVEG A. LALBHAI
DIRECTOR

The notes on page 82 form an integral part of these financial statements.
Auditors' report on page 79.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2010 (1 Mau Rs.= 1.4917)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2009 (1 Mau Rs.= 1.5993)

Statement of Changes in Equity - Year Ended March 31, 2010

	Share Capital		Revenue Deficit		Total	
	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs*
Balance at April 1, 2009	238,517,100	3,557.96	(236,980,678)	(3,535.04)	1,536,422	22.92
Profit for the year	-	-	192,886	2.88	192,886	2.88
Balance at March 31, 2010	238,517,100	3,557.96	(236,787,792)	(3,532.16)	1,729,308	25.80
Balance at April 1, 2008	238,517,100	3,814.60	(236,785,141)	(3,786.90)	1,731,959	27.70
Loss for the year	-	-	(195,537)	(3.13)	(195,537)	(3.13)
Balance at March 31, 2009	238,517,100	3,814.60	(236,980,678)	(3,790.03)	1,536,422	24.57

Auditors' report on page 79.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2010 (1 Mau Rs.= 1.4917)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2009 (1 Mau Rs.= 1.5993)

Cash Flow Statement - Year Ended March 31, 2010

	2010		2009	
	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs*
Cash flows from operating activities				
Cash absorbed in operations	192,886	2.88	(195,537)	(3.13)
Net cash used in operating activities	192,886	2.88	(195,537)	(3.13)
Increase/(Decrease) in cash and cash equivalents	192,886	2.88	(195,537)	(3.13)
Movement in cash and cash equivalents:				
At April 1,	1,536,422	22.92	1,731,959	27.70
Increase/(Decrease)	192,886	2.88	(195,537)	(3.13)
At March 31,	1,729,308	25.80	1,536,422	24.57

The notes on page 82 form an integral part of these financial statements.

Auditors' report on page 79.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2010 (1 Mau Rs.= 1.4917)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2009 (1 Mau Rs.= 1.5993)

Notes to the Financial Statements - Year Ended March 31, 2010

1. GENERAL INFORMATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(b) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(c) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(d) Provisions

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

3. SHARE CAPITAL

AUTHORISED

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

ISSUED AND FULLY PAID

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

4. FINANCE COSTS

Net foreign exchange transaction Losses

5. DEFERRED TAXATION

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of related tax benefit is probable. The Company has tax losses of Mau. Rs. 388,751,246 Rs. in Lacs 5,799.00* (2008: Mau. Rs. 388,969,478 Rs. in Lacs 6,220.79**) to carry forward against future taxable income, which have not been recognised in these financial statements due to cessation of business.

	2010		2009	
	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs**
AUTHORISED				
2,500,000 ordinary shares of Rs. 100 each	250,000,000	3,729.25	250,000,000	3,998.25
ISSUED AND FULLY PAID				
2,385,171 ordinary shares of Rs. 100 each	238,517,100	3,557.96	238,517,100	3,814.60
4. FINANCE COSTS				
Net foreign exchange transaction Losses	(196,570)	(2.93)	(170,191)	(2.72)

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2010 (1 Mau Rs.= 1.4917)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2009 (1 Mau Rs.= 1.5993)

Financial Statements – year ended March 31, 2010

Dear Shareholder,

The Board of Directors is pleased to present the financial statements of **Arvind Spinning Ltd.** for the year ended March 31, 2010, the contents of which are listed below:

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

This report was approved by the Board of Directors on June 30, 2010.

SANJAY S. LALBHAI

Director

JAYESH K. SHAH

Director

Report of the Auditors to the Members

We have audited the financial statements of **Arvind Spinning Ltd.** set out on pages 84 to 86.

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

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

In our opinion, the financial statements, which has been prepared under the **break up basis**, gives a true and fair view of the state of affairs of the Company as at March 31, 2010 and of its loss for the year then ended.

BDO DE CHAZAL DU MEE

Chartered Accountants

Port Louis,

Mauritius.

Date: June 30, 2010

Balance Sheet - March 31, 2010

	Notes	2010		2009	
		Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs**
ASSETS					
Current assets					
Cash and cash equivalents		594,970	8.88	596,170	9.53
Total assets		594,970	8.88	596,170	9.53
EQUITY AND LIABILITIES					
Capital and deficit					
Share capital	3	82,409,966	1,229.30	82,409,966	1,317.98
Revenue deficit		(81,814,996)	(1,220.42)	(81,813,796)	(1,308.45)
		594,970	8.88	596,170	9.53
Equity holders' interest		594,970	8.88	596,170	9.53

These financial statements have been approved for issue by the Board of Directors on: June 30, 2010.

SANJAY S. LALBHAI

Director

JAYESH K. SHAH

Director

The notes on page 86 form an integral part of these financial statements.

Auditors' report on page 83.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2010 (1 Mau Rs.= 1.4917)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2009 (1 Mau Rs.= 1.5993)

Income Statement - Year Ended March 31, 2010

	2010		2009	
	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs*
Administrative expenses	(1,200)	(0.02)	(1,200)	(0.02)
Loss for the year	(1,200)	(0.02)	(1,200)	(0.02)

These financial statements have been approved for issue by the Board of Directors on: June 30, 2010.

SANJAY S. LALBHAI

Director

JAYESH K. SHAH

Director

Auditors' report on page 83.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2009 (1 Mau Rs.= 1.4917)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2008 (1 Mau Rs.= 1.5993)

Statement of Changes In Equity - Year Ended March 31, 2010

	Share Capital		Revenue Deficit		Total	
	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs*
Balance at March 31, 2009	82,409,966	1,229.30	(81,813,796)	(1,220.40)	596,170	8.90
Loss for the year	-	-	(1,200)	(0.02)	(1,200)	(0.02)
Balance at March 31, 2010	82,409,966	1,229.30	(81,814,996)	(1,220.42)	594,970	8.88
Balance at April 1, 2008	82,409,966	1,317.98	(81,812,596)	(1,308.43)	597,370	9.55
Loss for the year	-	-	(1,200)	(0.02)	(1,200)	(0.02)
Balance at March 31, 2009	82,409,966	1,317.98	(81,813,796)	(1,308.45)	596,170	9.53

Auditors' report on page 83.

*The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2010 (1 Mau Rs.= 1.4917)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2009 (1 Mau Rs.= 1.5993)

Cash Flow Statement - Year Ended March 31, 2010

	2010		2009	
	Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs*
Cash flows from operating activities				
Loss for the year	(1,200)	(0.02)	(1,200)	(0.02)
Net cash used in operating activities	(1,200)	(0.02)	(1,200)	(0.02)
Net decrease in cash and cash equivalents	(1,200)	(0.02)	(1,200)	(0.02)
Movement in cash and cash equivalents				
At April 1,	596,170	8.90	597,370	9.55
Decrease	(1,200)	(0.02)	(1,200)	(0.02)
At March 31,	594,970	8.88	596,170	9.53

Auditors' report on page 83.

*The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2009 (1 Mau Rs.= 1.4917)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2008 (1 Mau Rs.= 1.5993)

Notes to the Financial Statements - Year Ended March 31, 2010

1. GENERAL INFORMATION

Arvind Spinning Ltd. is a private company incorporated and domiciled in Mauritius. Its main activity is the manufacture of ring and open end spun cotton yarn. The address of its registered office is at 10 Frère Félix de Valois Street, Port Louis, Mauritius and the place of business was at La Tour Koenig, Pointe aux Sables. The Company ceased business in August 2004. Arvind Mills Ltd., incorporated in India is the holding company.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of Shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(b) Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction effects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

(c) Provisions

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

**3. SHARE CAPITAL
STATED CAPITAL**

Ordinary shares
At April 1, and March 31,

2010		2009	
Mau. Rs.	Rs. in Lacs*	Mau. Rs.	Rs. in Lacs**
<u>82,409,966</u>	<u>1,229.30</u>	<u>82,409,966</u>	<u>1,317.98</u>

4. DEFERRED TAXATION

Deferred income tax assets are recognised for tax losses carried forward only to the extent that realisation of related tax benefit is probable. The Company has tax losses of Mau. Rs. 74,265,739 Rs. in Lacs 1,107.82* (2009 : Mau. Rs. 74,265,739 Rs. in Lacs 1,187.73**) to carry forward against future taxable income, which have not been recognised in these financial statements due to cessation of business.

* The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2010 (1 Mau Rs.= 1.4917)

** The rupee equivalent of Mauritian Rs. has been given at the inter bank rate as on March 31, 2009 (1 Mau Rs.= 1.5993)

Auditor's Report

To the Shareholders of Arvind Textiles Mills Limited

We have audited the accompanying Balance Sheet of **Arvind Textiles Mills Limited** as of 31 March, 2010 and the related Profit and Loss Account and Cash Flow Statement for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Bangladesh Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above give a true and fair view of the state of the Company's affairs as of 31 March, 2010 and of the results of its operations and its cash flows for the year then ended in accordance with Bangladesh Accounting Standards and comply with the Companies Act, 1994 and other applicable laws and regulations.

We further report that:

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

Dhaka,
Date: 20 May, 2010

ACNABIN
Chartered Accountants

Balance Sheet as of 31 March, 2010

	Note	31.03.10 Taka	31.03.10 Rs. in Lacs*	31.03.09 Taka	31.03.09 Rs. in Lacs**
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	3	500,000,000	3,244.22	500,000,000	3,688.13
b) Issued, Subscribed and Paid-up Share Capital		700,000	4.54	700,000	5.16
c) Share Premium	4	4,529,705	29.39	4,529,705	33.41
d) Share Application	5	19,425,060	126.05	19,425,060	143.29
		24,654,765	159.98	24,654,765	181.86
II. APPLICATION OF FUNDS					
1. Fixed Assets					
2. Current Assets, Loans and Advances					
a) Cash and Bank Balances	6	443,646	2.88	480,954	3.55
b) Security Deposit		3,347,011	21.72	3,347,011	24.69
3. Less : Current Liabilities and Provisions					
4. Net Current Assets (2-3)					
5. Miscellaneous					
a) Profit and Loss Account		20,864,108	135.38	20,826,800	153.62
		24,654,765	159.98	24,654,765	181.86

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

JAYESH K. SHAH

JAGDISH DALAL

Director

Director

This is the Balance Sheet referred to in our report of even date.

Dhaka,

Date: 20 May, 2010

Profit and Loss Account for the period from 01 April, 2009 to 31 March, 2010

	Note	2009-10 Taka	2009-10 Rs. in Lacs	2008-09 Taka	2008-09 Rs. in Lacs
Turnover/Revenue		-	-	-	-
Cost of Sales		-	-	-	-
Gross Profit		-	-	-	-
Less: Operating Expenses:	7	37,308	0.24	10,039,684	74.05
Net Loss		(37,308)	(0.24)	(10,039,684)	(74.05)
Add: Accumulated Loss, brought forwarded		(20,826,800)	(135.14)	(10,787,116)	(79.57)
Accumulated (Loss) transferred to Balance Sheet		(20,864,108)	(135.38)	(20,826,800)	(153.62)

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

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

JAYESH K. SHAH

JAGDISH DALAL

Director

Director

This is the Profit and Loss Account referred to in our report of even date.

Dhaka,

Date: 20 May, 2010

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31 March, 2010 (1 Taka Rs. = 0.65)

** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31 March, 2009 (1 Taka Rs. = 0.74)

Statement of Cash Flows for the period from 01 April, 2009 to 31 March, 2010

	2009-10 Taka	2009-10 Rs. in Lacs *	2008-09 Taka	2008-09 Rs. in Lacs **
a) Cash Flow from Operating Activities				
Net Loss	(37,308)	(0.24)	(10,039,684)	(74.05)
Adjustment for items not involving movement of cash:				
Depreciation				
(Gain)/loss on sale of fixed assets				
Tax paid	-	-	-	-
	(37,308)	(0.24)	(10,039,684)	(74.05)
Changes in working capital components:				
Increase in Prepayments (Security Deposit)	-	-	-	-
Net cash flow from operating activities	(37,308)	(0.24)	(10,039,684)	(74.05)
b) Cash Flow from Investing Activities	-	-	-	-
c) Cash Flow from Financing Activities				
Issuance of Share at premium	-	-	-	-
Share Application	-	-	9,709,060	71.62
Net Cash flow from Financing Activities	-	-	9,709,060	71.62
Net surplus/(deficit) of cash & bank balance for the year (a+b+c)	(37,308)	(0.24)	(330,624)	(2.44)
Cash & bank balance at beginning of the year	480,954	3.12	811,578	5.99
Cash & bank balance at end of the year	443,646	2.88	480,954	3.55

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31 March, 2010 (1 Taka Rs. = 0.65)

** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31 March, 2009 (1 Taka Rs. = 0.74)

Notes to the Financial Statements for the period from 01 April, 2009 to 31 March, 2010

1. Formation, Status and Activities

1.1 Formation and Status

Arvind Textile Mills Ltd., a private company limited by shares, was incorporated in Bangladesh on 25 September, 2006, under the Companies Act, 1994, with authorized capital Tk.500,000,000 (fifty crores) divided in to 50,000,000 (five crores) shares of Tk.10 (ten) each. Subsequently the 70,000 (seventy thousand) shares of the Company were acquired by promoters, Arvind Fashion Ltd., Mr. Jayesh Kantil Shah and Mr. Jagadish Gajanand Dalal.

1.2 Activities

The Company was established with the principal objectives of carrying of business of spinning, weaving, or manufacturing or importing, exporting or dealing in cotton or other fibrous substances and the preparation, dyeing or coloring of any of the said substances and the sale, import, export yarn, cloth or other manufactured fibrous products.

2. Significant Accounting Policies

2.1 Basis of the Preparation of Financial Statements

These financial statements have been prepared under the historical cost convention in accordance with International Accounting Standards as adopted in Bangladesh.

2.2 Depreciation on Fixed Assets

As per company's policy, straight line method is followed for charging depreciation on fixed assets of the Company. During the year under audit depreciation has not been charged as the Company does not own any fixed assets other than Land and Land Development.

2.3 General

- Figures in the financial statements have been rounded off to the nearest Taka.
- Dollar amount has been converted using average conversion rate.

Notes to the Financial Statements for the period from 01 April, 2009 to 31 March, 2010

		31.03.2010 Taka	31.03.2010 Rs. in Lacs*	31.03.2009 Taka	31.03.2009 Rs. in Lacs*
3. Share Capital					
Authorized capital:					
50,000,000 ordinary shares of Tk.10 each		500,000,000	3,244.22	500,000,000	3,688.13
Issued, subscribed and paid-up capital:					
70,000 ordinary shares of Tk.10 each fully paid-up		700,000	4.54	700,000	5.16
Details of shareholdings are as under:					
	No. of share				
Name of the shareholder					
Arvind Limited	68,600	686,000	4.45	686,000	5.06
Mr. Jayesh Kantil Shah	700	7,000	0.05	7,000	0.05
Mr. Jagdish Gajanand Dalal	700	7,000	0.05	7,000	0.05
		70,000	700,000	700,000	5.16
4. Share Premium					
700,000 shares @ 64.71		4,529,705	29.39	4,529,705	33.41
5. Share Application					
Share Application		19,425,060	126.05	19,425,060	143.28
6. Cash and Cash Equivalent					
Cash in Hand					
Cash at Bank:					
A/C # 05420035420001		98,336	0.64	135,644	1.00
A/C # 05420087520001		345,310	2.24	345,310	2.55
		443,646	2.88	480,954	3.55
7. Operating Expenses					
Lease rental		-	-	10,030,443	73.98
Bank charge		-	-	9,241	0.07
Taxes and Duties		12,308	0.08	-	-
Business Development Expenses		25,000	0.16	-	-
		37,308	0.24	10,039,684	74.05

* The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31 March, 2010 (1 Taka Rs. = 0.65)

** The rupee equivalent of Taka Rs. has been given at the inter bank rate as on 31 March, 2009 (1 Taka Rs. = 0.74)

NOTE UNDER SUB-SECTION (1) OF SECTION 212

The Department of Company Affairs has, for the financial year 2009-10, exempted the Company from the applicability of the provisions of sub-section(1) of Section 212 of the Companies Act, 1956, relating to the statements to be attached in respect of the subsidiary companies, with the financial statements of the Company. As required by the above approval letter, the information in aggregate for each of the subsidiary Companies 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.

Information as required by letter dated 19th April, 2010 by Department of Company Affairs granting Approval u/s 212 (8) of the Companies Act,1956

Rs. 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	Arvind Products Limited	141.09	(61.77)	474.50	395.18	*	426.08	(8.04)	-	(8.04)	Nil
2	Asman Investments Limited	0.08	(23.50)	139.66	163.08	**	44.56	(15.18)	-	(15.18)	Nil
3	Arvind Worldwide Inc.	2.19	(0.84)	4.41	3.06	***	0.00	0.51	0.25	0.26	Nil
4	Arvind Worldwide (M) Inc.	23.87	(27.38)	1.43	4.94	***	0.00	(0.14)	0.00	(0.14)	Nil
5	Arvind Retail Limited	20.05	32.00	209.41	157.36	***	291.57	3.08	1.08	2.00	Nil
6	Arvind Lifestyle Brands Limited	20.05	122.15	284.75	142.55	****	251.98	0.92	(1.18)	2.10	Nil
7	Syntel Telecom Limited	0.05	(1.18)	0.40	1.53	***	0.02	(0.27)	0.00	(0.27)	Nil
8	Arvind Accel Limited	0.05	0.06	4.83	4.72	***	0.00	(0.06)	0.00	(0.06)	Nil
9	The Anup Engineering Limited	3.40	27.94	81.77	50.43	***	89.47	16.03	5.49	10.54	Nil
10	Arvind Infrastructure Limited	0.05	0.02	28.58	28.51	***	0.00	0.03	0.01	0.02	Nil
11	Silverstone Properties Limited	0.05	(0.17)	5.10	5.22	*****	0.00	(0.67)	0.00	(0.67)	Nil

Rs. in Crore

*	Fully paid Equity Shares(Quoted)	22.36
**	Not applicable being Investment Subsidiary.	
***	These Companies have no Investments.	
****	Investment in Govt. Securities	0.02
*****	Investment in Partnership Firm	5.03

Information of the Shareholders

To

The Shareholders

As per the instructions of National Stock Exchange of India Limited, we bring to the notice of all shareholders the following:

“In the explanatory statement of Special Resolution Nos. 3 & 4 passed by the members at their Extraordinary General Meeting held on 23rd day of October, 2007 at Thakorebhai Desai Hall, Nr. Law Garden, Ellisbridge, Ahmedabad – 380 006, the salient feature and terms and conditions No. 7 & 9 of the Employee Stock Option Scheme should read as under:

1. Point No. 7. Exercise period and process of exercise

- a) The exercise price shall be the Market Price rounded off to the nearest rupee. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Remuneration Committee may decide.
- b) The Employee Stock Options granted shall be capable of being exercised within a period of seven years from the date of Grant of the respective Employee Stock Options, or such period as may be decided by the Remuneration Committee.
- c) In the event of the death of an Employee while in employment with the Company, all the Vested and Unvested Options may be Exercised by the Option Grantee's nominee immediately after, but in no event later than one year from the date of death.
- d) In the event of separation of an Employee from the Company due to reasons of Permanent Incapacity the Option Grantee may Exercise his or her Vested as well as Unvested Option immediately after Permanent Incapacity but in no event later than one year from the date of separation from employment.
- e) In the event of separation from employment for reasons of normal retirement or a retirement specifically approved by the Company,
 - i. all Vested Options should be exercised by the Option Grantee immediately after, but in no event later than one year from the date of such Option Grantee's retirement, and
 - ii. all Unvested Options will lapse as on the date of such retirement, unless otherwise determined by the Remuneration Committee whose determination will be final and binding.
- f) In the event of resignation, all Unvested Options, on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all Vested Options as on that date shall be exercisable by the employee immediately but not later than three months from the date of submission of resignation.
- g) In the event of abandonment of employment by an Option Grantee without the Company's consent, all Employee Stock Options granted to such employee, including the Vested Options, which were not exercised at the time of abandonment of employment, shall stand terminated with immediate effect. The Remuneration Committee, at its sole discretion shall decide the date of abandonment by an Employee and such decision shall be binding on all concerned.
- h) In the event of termination of the employment of an Option Grantee due to breach of policies of the Company or the terms of employment, all Employee Stock Options granted to such employee, including the Vested Options which were not exercised at the time of such breach shall stand terminated with effect from the date of such breach; the date of such breach shall be determined by the Remuneration Committee, and its decision on this issue shall be binding and final.
- i) The shares arising out of exercise of vested options would not be subject to any lock-in period after such exercise.

2. Point No. 9. Maximum number of options issued per employee and in aggregate :

The Maximum number of options granted to an employee will not exceed in aggregate 1% of the issued and outstanding equity shares of the Company as at the date of the grant. Aggregate of all such grants shall not exceed 5% of the issued and outstanding equity shares of the Company.

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 Saturday, the 25th September, 2010 and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Signature: _____

Affix
15 Paise
Revenue
Stamp

L.F.No. _____

* Depository : NSDL/CDSL _____

* DP.ID _____

* Client ID _____

* For Shares held in Electronic Form

No. of Share(s) held _____

Notes :

- (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself.
- (2) A proxy need not be a member.
- (3) The completed form should be deposited at the Registered Office of the Company, Naroda Road, Ahmedabad-380 025 not less than 48 hours before the time for holding the meeting.

ARVIND LIMITED

Regd. Office : Naroda Road, Ahmedabad - 380 025.

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting held at Thakorebhai Desai Hall, Near Law Garden, Ellisbridge, Ahmedabad - 380 006 on Saturday, the 25th September, 2010 at 10.30 a.m.

1. L.F.NO. _____

2. * Depository : NSDL/CDSL _____

3. * DP.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 JOINTHOLDER)

MR/MRS/MISS _____

(TO BE USED ONLY WHEN FIRST NAMED SHAREHOLDER IS NOT ATTENDING)

NOTE : PLEASE FILL IN THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE HALL.

Arvind Limited

Regd. Office: NARODA ROAD, AHMEDABAD - 380 025.

The holder of this coupon will be entitled to 15% discount on the price of cloth of Arvind Limited and Arvind Products Ltd. 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.

Lalbhaj Sales & Services
Pinnacle Bldg., Near Asoka Mill,
Naroda Road, Ahmedabad.

M/s. Rao Brothers
Mahavir Tower, Paldi,
Ahmedabad.

Amruta Emporium
Station Road, Maninagar Char
Rasta, Ahmedabad.

V & U
Sharad Shopping Centre
Ashram Road, Ahmedabad.

Nilkamal Retail Shop
12, Ajanta Commercial Centre,
Near Income Tax, Ashram Road,
Ahmedabad.

Krishna
5-Suryoday Complex,
Swastik Char Rasta,
C. G. Road, Ahmedabad.

Krishna Krishna
11, 'Chandra Prabhu'
Sardar Patel Statue,
Stadium Road, Navrangpura,
Ahmedabad.

Krishna House of Cotton
22, Ground Floor,
Maradia Plaza, C. G. Road,
Ahmedabad.

'Rangolee'
Narottam Complex,
Bhuyangdev Char Rasta,
Ahmedabad.

Ratnam
118, Silicon Valley,
Satellite Road, Ahmedabad.

Tilat
Opp. Oriental Building
Relief Road
Ahmedabad - 380 001.

Pritam
D-9, Super Market, Anand.

Doshi Shashikant Chhabildas
In the lane of Dave Medical,
Amreli

Bombay Textorium Pvt. Ltd.
Sardar Chowk, Bardoli.

'Utsav Plus'
1/2 Nagar Palika Shopping
Centre, Opp. Shalimar Theatre,
Bharuch.

Salot Chunilal Ratilal
Herish Road, Bhavnagar.

M/s. Doshi Cloth Stores
Maherali Chowk, Bhuj (Kutch).

Janta Cloth Centre
Bazar Street, Bilimora.

M/s. M. S. Synthetic
144/A, Jammalal Bajaj Street,
Kolkata - 700 007.

M/s. Siddharth Textiles
15, Noormal-Lohia Lane,
Kolkata - 700 007.

M/s. S. N. & Co.
35, Armenian Street,
Kolkata - 700 001.

Nanak Saree Centre
Vaniawad, Chikhali.

Shah Kuberlal Nathalal
Tower Bazar, Dabhol.

Royal Cloth Centre
Rohit Bhavan,
Kavi Khabardar Marg,
Daman.

M/s. Jograj & Co.
Kalptaru, 1688 Khol Galli,
Dhulia 424 001.

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.

M/s. Harikishandas Dhirajlal Batavia
Gundawadi, Main Road,
Rajkot.

Hemang Stores
Bazar, Rajula City.

Queen Emporium
Near Maskati Hospital,
Tower Road, Surat.

Bhagwandas & Co.
Kanpith, Lalgate, Surat.

Shah Chatrabhuj Nanchand
Jawahar Chowk, Surendranagar.

'Sajan'
Jawahar Road, Surendranagar.

Hirachand Kalidas
J. P. Marg, Una.

Patel Maganlal Motiram
Darjee Chaklo, Unjha.

J. F. Shah & Co.
Saraswati Hall, Dandia Bazar,
Vadodara.

Zabak Traders
Near Kala Mandir Talkies,
Vadodara.

Abhishek
'Siddharth'
Alkapuri, Vadodara.

Abhinandan
Mahatma Gandhi Road,
Valsad.

Asgarali Emporium
Killapardi, Dist. Valsad.

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

Yogi Selection
G-3, Akshar Complex,
Rajshree Cinema Road,
Sector No. 20, Gandhinagar.

"Exclusive Arvind Showroom"
Shop No. 2, Pancha Sheela Towers,
Park Lane, Secunderabad - 3,
Andhra Pradesh.

Arvind Limited

Fabric Coupon

A Rs. 500-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2011

Date

Arvind Limited

Fabric Coupon

A Rs. 500-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2011

Date

Arvind Limited

Fabric Coupon

A Rs. 250-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2011

Date

Arvind Limited

Fabric Coupon

A Rs. 250-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2011

Date

Arvind Limited

Fabric Coupon

A Rs. 250-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2011

Date

Arvind Limited

Fabric Coupon

A Rs. 250-00

Time : 11-00 A.M. to 6-00 P.M.

Bill No.



Valid Upto 30.09.2011

Date

Locations & Sites

Lifestyle Fabrics – Denim
Arvind Limited
Naroda Road
Ahmedabad – 380 025
Gujarat, India
Tel: +91-79-22208000
Fax: +91-79-22200267
subir.mukherjee@arvind.in

Lifestyle Fabrics - Voiles
Ankur Textiles
Arvind Products Limited
Outside Raipur Gate
Ahmedabad – 380 022
Gujarat, India
Tel: +91-79-25461191-95
Fax: +91-79-25454182
brijesh.bhati@arvind.in

Lifestyle Fabrics – Shirting & Khakis
Arvind Limited
PO Khatrej, Taluka Kalol
Dist. Gandhinagar - 382 721
Gujarat, India
Tel: +91-2764-255560
Fax: +91-2764-281156
pranav.dave@arvind.in

Lifestyle Apparel - Jeans
Arvind Limited
26/2, 27/2 Kenchenahaili
Mysore Road,
Near Bangalore University
Bangalore - 560 059
Tel: +91-80-26999000
Fax: +91-80-26999299
sandeep.chablani@arvindexports.com

Lifestyle Fabrics – Knits & Lifestyle Apparel-Knits
Arvind Limited
PO Khatrej, Taluka Kalol
Dist. Gandhinagar - 382 721
Gujarat, India
Tel: +91-2764-281100-22
Fax: +91-2764-281060
preney.mehta@arvind.in

Lifestyle Apparel - Shirting
Arvind Limited
No. 55, White Field Road,
Puttapa Industrial Estate, Mahadevpura Post
Bangalore - 560 048
Tel: +91-80-41123900
Fax: +91-80-41123909
bala.s@arvindexports.com

Subsidiaries & Joint Ventures

Arvind Products Limited
Arvind Limited Premises
Naroda Road,
Ahmedabad – 380 025
Gujarat, India
Tel: +91-79-22208000
Fax: +91-79-22208668

Arvind Lifestyle Brands Limited
8th Floor, Du Parc Trinity
17, M.G. Road, Bangalore 560 001
Tel: +91-80-41550650
Fax: +91-80-41550651
sureshj@arvindbrands.com

Arvind Retail Limited
5th Floor, Du Parc Trinity
17, M.G. Road
Bangalore 560 001
Tel: +91-80-40488775
Fax: +91-80-40488751
venkat@arvindbrands.com

The Anup Engineering Limited
Behind 66KV Sub Station,
Odhav Road, Ahmedabad – 382 415
Gujarat, India
Tel: +91-79-22870622-23
Fax: +91-79-22870642
anup@anupengg.com

VF Arvind Brands Private Limited
Laurel Block B, 8th Floor, Level 9
Bagmane Tech Park,
C.V. Raman Nagar,
Bangalore - 560 093
Tel: +91-80-30790100
Fax: +91-80-30790111

Arvind Murjani Brands Private Limited
4 Brunton First Cross Road
Bangalore - 560 025
Tel: +91-80-41124091
Fax: +91-80-41124092

Arya Omnitalk Wireless Solutions Private Limited
3rd Floor, Ling Field Plaza
S. No. 66/67, Salunke Vihar Road,
Wanowrie, Pune - 411 040
Tel: +91-20-26851072, 40118100
Fax: +91-20-26851077
vmalhotra@synteltelecom.com

Overseas Offices

Arvind Worldwide Inc.
130 West 42nd Street, Suit 603, 6th Floor
New York, NY 10036, USA
Tel: + 1212768 4815
Fax: + 1212768 7378
raju@arvindusa.com

Arvind Limited
Apartment No. 5A, House No. 15,
Road No. 24 CWN (C)
Gulshan-2, Dhaka 1212, Bangladesh
Tel: + 8802- 9887123-24
Fax: +8802- 9887124
p.anilkumar@arvind.com

Arvind Denim Lab
584, Broadway, Suit 801,
New York
New York 10012, USA
Tel: +001+212+431+4256
viresh@arvinddenimlab.com

Arvind Limited
Unit : 1705, 17th Floor,
Trendy Centre, 682-684,
Castle Peak Road, Cheung Sha Wan,
Kowloon, Hongkong.
Telefax: 00852-3528 3112
Contact Person: Mr. Rajesh Manwani

BOOK-POST

If undelivered, please return to:
Arvind Limited
Naroda Road,
Ahmedabad - 380 025