



AUDITORS' REPORT

TO THE MEMBERS OF ARVIND PD COMPOSITES PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **ARVIND PD COMPOSITES PRIVATE LIMITED** ("the Company"), as at March 31, 2012 and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 ("Order") issued by the Central Government of India in terms of sub - section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. 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 and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet 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;

auth.

SORAB S. ENGINEER & CO. (Regd.)

- v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012; and
- (b) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Ahmedabad
May 9, 2012

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

ANNEXURE TO THE AUDITORS' REPORT

Re: ARVIND PD COMPOSITES PRIVATE LIMITED

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

- (i) The Company doesn't have any Fixed Assets. Consequently, requirement of clauses (i,a), (i,b) and (i,c) of paragraph 4 of the order are not applicable.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any public deposits.
- (vi) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's product. Consequently, requirement of clause (viii) of paragraph 4 of the order is not applicable.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues relating to Income Tax, Value Added Tax, Service Tax, and other material statutory dues applicable to it.
(b) There are no undisputed amounts outstanding as at March 31, 2012 for a period of more than six months from the date they became payable.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (ix) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (x) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Consequently, the provisions of clause (xiii) of paragraph 4 of the order are not applicable.

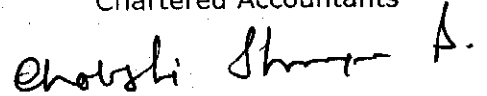
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SORAB S. ENGINEER & CO. (Regd.)

- (xi) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Consequently, the provisions of clause (xiv) of paragraph 4 of the order are not applicable.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not given any guarantee for loans taken by others from banks or financial Institutions. Consequently, the provisions of clause (xv) of paragraph 4 of the order are not applicable.
- (xiii) 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.
- (xiv) 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.
- (xv) 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.
- (xvi) 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.
- (xvii) The Company has not raised any money by public issue during the year.
- (xviii) Based upon the audit procedure performed by us and as per the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

Ahmedabad
May 9, 2012

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

ARVIND PD COMPOSITES PRIVATE LIMITED

NOTICE

NOTICE is hereby given that the FIRST Annual General Meeting of the Members of ARVIND PD COMPOSITES PRIVATE LIMITED will be held on Friday, the 28th September, 2012 at 2.30 p.m. at the Registered Office of the Company at Arvind Mills Premises, Naroda Road, Ahmedabad-380 025 to transact the following Business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Report of the Directors and the Auditors thereon.
2. To appoint Auditors of the Company to hold office up to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

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

RESOLVED THAT Mr. Punit Lalbhai be and is hereby appointed as an Additional Director on the Board of the Company with effect from 21st November, 2011, pursuant to Article 34 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, and will hold the office till the conclusion of the next Annual General Meeting.

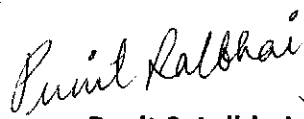
4. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Jayesh K. Shah be and is hereby appointed as an Additional Director on the Board of the Company with effect from 9th April, 2012, pursuant to Article 34 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, and will hold the office till the conclusion of the next Annual General Meeting.

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
Arvind Mills Premises,
Naroda Road,
Ahmedabad-380 009
9th May, 2012

BY ORDER OF THE BOARD


Punit S. Lalbhai
(Director)


Jayesh K. Shah
(Director)

ANNEXURE TO NOTICE

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

Item No. 3

The Board of Directors at their meeting held on 21st November, 2011 appointed Mr. Punit Lalbhai as an additional Director of the Company. The said appointment was in pursuance of the provisions of Section 260 of the Companies Act, 1956 and Article 34 of the Articles of the Association of the Company and accordingly the said Director holds office only upto the date of this Annual General Meeting. The Company has received notice in writing alongwith the necessary amounts as a deposit from a member proposing candidature of Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

The Board commends the resolution at item No. 3 for approval of members. Mr. Punit S. Lalbhai 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.

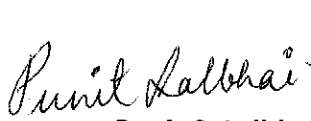
Item No. 4

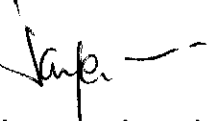
The Board of Directors at their meeting held on 9th April, 2012 appointed Mr. Jayesh K. Shah as an additional Director of the Company. The said appointment was in pursuance of the provisions of Section 260 of the Companies Act, 1956 and Article 34 of the Articles of the Association of the Company and accordingly the said Director holds office only upto the date of this Annual General Meeting. The Company has received notice in writing alongwith the necessary amounts as a deposit from a member proposing candidature of Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

The Board commends the resolution at item No. 4 for approval of members. Mr. Jayesh K. Shah 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.

Registered Office
Arvind Mills Premises,
Naroda Road,
Ahmedabad-380 009
9th May, 2012

BY ORDER OF THE BOARD


Punit S. Lalbhai (Director)


Jayesh K. Shah (Director)

ARVIND PD COMPOSITES PRIVATE LIMITED
Arvind Mills Premises, Naroda Road, Ahmedabad-380 025

DIRECTORS' REPORT

To
The Members,

Your Directors have pleasure in presenting their First Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March, 2012.

1. FINANCIAL RESULTS :

The Company has not carried out any activities during the period from 02.07.2011 to 31.03.2012.

2. Dividend

The Company has not carried out any activities, therefore, your directors do not recommend any dividend for the year.

3. Deposit :

The Company has not accepted any Deposits under the Companies Acceptance of Deposits Rules, 1975.

4. Directors

During the year under review, Mr. Jagdish G. Dalal and Mr. Milind Hardikar has resigned from the Directorships of the Company.

Mr. Punit S. Lalbhai has been appointed by the Board as an Additional Director at the meeting of the Board of Directors held on 21st November, 2011 and holds the office upto the date of this ensuing Annual General Meeting. The Company has received notice in writing Under Section 257 from a member proposing his candidature as Director.

Mr. Jayesh K. Shah has been appointed by the Board as an Additional Director at the meeting of the Board of Directors held on 9th April, 2012 and holds the office upto the date of this ensuing Annual General Meeting. The Company has received notice in writing Under Section 257 from a member proposing his candidature as Director.

5. Directors' Responsibility Statement :

In compliance of Section 217(2AA) of the Companies Act, 1956, the Directors state 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 and profit of the Company for the year.
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 attached statements of accounts for the period ended on 31st March, 2012 have been prepared on a going concern basis.

6. Particulars Of Employees :

The Company does not have any employee covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

7. Information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo :

Information in accordance with the under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption are not being given as the Company has not undertaken any manufacturing activity.

There were no foreign exchange earning or outgo during the period under review.

8. Auditors

M/s. Sorab S. Engineer & Co., Chartered Accountants, retire at the conclusion of ensuing Annual General Meeting and being eligible, offer themselves for reappointment. You are requested to appoint Auditors and to fix their remuneration.

9. Acknowledgements :

Your Directors wish to convey their deep sense of gratitude to all associated with it for the support extended by them and also look forward to their continued co-operation in future.

BY ORDER OF THE BOARD

Date : 9th May, 2012
Place : Ahmedabad


Punit S. Lalbhai (Director)


Jayesh K. Shah (Director)

Arvind PD Composites Private Limited

Balance Sheet

Amount in Rs.

		As at
		March 31, 2012
Equity and Liabilities		
Shareholders' funds		
Share Capital	3	8,10,000
Reserves and Surplus	4	6,03,90,000
Non-current liabilities		
Long Term Borrowings	5	67,81,121
Current liabilities		
Short Term Borrowings	6	3,05,666
Trade Payables	7	3,23,145
Other Current Liabilities	8	630
Total		6,86,10,562
Assets		
Non-current assets		
Fixed Assets		
Capital Work-in-progress	-	9,48,764
Long Term Loans and Advances	9	1,29,23,952
Other Non-Current Assets	10	58,154
Current assets		
Cash and Bank Balances	11	5,46,79,692
Total		6,86,10,562
Significant Accounting Policies	2	

The accompanying notes are an integral part of the financial statements.

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No.100892

Punit Salbhai
Director

Jay
Director

Ahmedabad
9th May 2012

Arvind PD Composite Private Limited

CASH FLOW STATEMENT

(Amount in Rs)

	Year Ended	
	March 31, 2012	
A Cash Flow from Operating Activities		
Working Capital Changes:		
Changes in trade payables	3,23,145	
Changes in other Current Liabilities	630	
Changes in other Non-Current Assets	(58,154)	
Changes in long term loans and advances	(1,29,23,952)	
Net Changes in Working Capital		(1,26,58,331)
Net Cash Flow from Operating Activities		(1,26,58,331)
B Cash Flow from Investing Activities		
Purchase of tangible assets	(6,22,317)	
Net Cash Flow from Investing Activities		(6,22,317)
C Cash Flow from Financing Activities		
Proceed from Issuance of share capital	8,10,000	
Receipt of Share Premium	6,03,90,000	
Changes in long term Borrowings	67,81,121	
Interest and Other Borrowing Charges Paid	(3,26,447)	
Changes in short term borrowings	3,05,666	
Net Cash Flow from Financing Activities		6,79,60,340
Net Increase/(Decrease) in Cash & Cash Equivalents		5,46,79,692
Cash & Cash equivalent at the beginning of the period		-
Cash & Cash equivalent at the end of the period		5,46,79,692

a	Particulars	As at
		March 31, 2012
	Cash and Cash Equivalents Comprise of:	
	Balances with Banks	5,46,79,692
	Total	5,46,79,692

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
9th May, 2012

Punit Kallala
Director

Jaye
Director

Arvind PD Composites Private Limited

3 Share Capital

	Amount in Rs.	
	As at	
	March 31, 2012	
Authorised 2,00,000 Equity Shares Par Value of Rs.10/- per share	20,00,000	
	20,00,000	
Issued 81,000 Equity Shares Par Value of Rs.10/- per share	8,10,000	
	8,10,000	
Subscribed and fully paid up 81,000 Equity Shares Par Value of Rs.10/- per share fully paid up	8,10,000	
Total	8,10,000	

a Reconciliation of Number of Shares

Particulars	As At	
	March 31, 2012	
	No. of Shares	Amount in Rs.
Balance at the beginning of the year	-	-
Add :		
Shares issued during the year	81,000	8,10,000
Balance at the end of the year	81,000	8,10,000

b Rights, Preferences and Restrictions attached to Equity Shares

The Company has one class of shares referred to as equity shares having a par value of Rs. 10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

Particulars	As at	
	March 31, 2012	
(a) Holding Company- Arvind Limited	41,310	
	51%	
(b) Associate Company- P-D Glasseiden GmbH Oschatz-Germany	39,690	
	49%	

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Arvind PD Composites Private Limited

	Amount in Rs.	
	As at	March 31, 2012
4 Reserves and Surplus		
Securities Premium Account		
Received during the year	6,03,90,000	
Balance at the end of the year	6,03,90,000	

	As At	
	March 31, 2012	
5 Long Term Borrowings		
Secured		
Term Loans :		
From State Bank of India	67,81,121	
Total	67,81,121	

a Nature of Security

- I Term Loans from Banks are secured by:
- First charge over the entire movable fixed assets of the Company.
 - Second charge over the entire stock of raw material , stock in process, finished goods , stores & spares , goods in transit, receivables and other current assets of the company.

b Rate of Interest and Terms of Repayments

Particulars	Amount in Rs.	Rate of Interest	Terms of Repayment
State Bank of India	67,81,121	13%	Repayable in 23 quarterly instalments starting from 1st Quarter of the year 2013-14.

6 Short Term Borrowings

	Amount in Rs.	
	As at	March 31, 2012
Unsecured		
12% Intercompany Deposit		
From Holding Company - Arvind Limited	3,05,666	
Total	3,05,666	

Arvind

Arvind PD Composites Private Limited

7 Trade Payables

	Amount in Rs.
	As at
	March 31, 2012
Sundry Creditors (Note a)	3,23,145
Total	3,23,145

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

- (a) Amount due and outstanding to suppliers as at the end of accounting year;
 - (b) Interest paid during the year;
 - (c) Interest payable at the end of the accounting year; and
 - (d) Interest accrued and unpaid at the end of the accounting year
- have not been given. The Company is making efforts to get the confirmations from the suppliers as regards their status under the said act.

8 Other Current Liabilities

	Amount in Rs.
	As at
	March 31, 2012
Statutory Dues - Tax Deducted at Source	630
Total	630

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Arvind PD Composites Private Limited

9 Long Term Loans and Advances
(Unsecured, Considered good unless otherwise stated)

	Amount in Rs.
	As at
	March 31, 2012
Capital Advances	1,29,03,952
Security Deposits	20,000
Total	1,29,23,952

10 Other Non-Current Assets

	Amount in Rs.
	As at
	March 31, 2012
Preliminary Expenses	58,154
Total	58,154

11 Cash and Bank Balances

	Amount in Rs.
	As at
	March 31, 2012
Cash and Cash Equivalent:	
Balances with Banks In Current Account	5,46,79,692
Total	5,46,79,692

12 Capital and Other Commitments

	Amount in Rs.
	As at
	March 31, 2012
Capital Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for	5,70,72,253
Other Commitments	-
Total	5,70,72,253

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Arvind PD Composites Private Limited

Notes to the financial statements

1. COMPANY BACKGROUND

Arvind PD Composites Private Limited is a Joint Venture between Arvind Limited (51%) and P-D Glasseiden GmbH Oschatz (49%). The Company is setting up a project of manufacturing multi axial and woven glass fabrics at Vadsar in Gandhinagar District, Gujarat. The end use of this product is mainly into manufacturing of windmill blades, boats, ship building and different types of Fibre Glass reinforcement plastic products.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

(B) USE OF ESTIMATES

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

(C) INFLATION

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

(D) FIXED ASSETS

Tangible Assets

The Fixed Assets are stated at their Original cost of Acquisition. Cost comprises of all costs incurred to bring the assets to their Location and working Condition.

(E) BORROWING COST

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds and considered as revenue expenditure except for borrowing costs attributed to the acquisition of qualifying assets up to the date when such assets are ready for intended use which are capitalized as a part of the cost of such Asset.

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13. Related Party Disclosures:

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

List of Related Parties & Relationship:

Holding Company (A)	Associates (B)
Arvind Limited	P-D Glasseiden GmbH Oschatz-Germany

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

Related Party Transactions:

(Amount in Rs.)

Nature of Transactions	Referred to (A) above	Referred to (B) above
	2011-12	2011-12
Finance		
Loan Taken	3,00,000	0
Interest Expense	6,296	0
Share Capital Issued	4,13,100	3,96,900
Share Premium received	3,07,98,900	2,95,91,100
Outstanding :		
Payable in respect of Loans	3,05,666	0
Payable in respect of Current Liabilities	58,154	0

14. Borrowing Cost Capitalized during the year:

Particulars	2011-12
As Capital work-in-progress	3,26,447
Total	3,26,447

15. In the opinion of the Board, all of the assets other than fixed assets have a value on realization in the ordinary course of business at least equal to the Amount at which they are stated.

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16. As this is the first year of the company and the Commercial activities have not yet started, Statement of Profit and loss has not been prepared.

Punit Lalbhai
Director

As per our report of even date attached

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

Chokshi Shreyas B.

CA.Chokshi Shreyas B.
Partner
Membership No.100892

Jayal
Director

Ahmedabad
9th May, 2012